

TOWARD A THEORY OF ORGANIZATIONAL APOLOGY:  
EVIDENCE FROM THE UNITED STATES AND CHINA

A DISSERTATION SUBMITTED TO THE GRADUATE DIVISION OF THE  
UNIVERSITY OF HAWAI'I AT MĀNOA IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY  
IN  
BUSINESS ADMINISTRATION

JULY 2017

BY

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We certify that we have read this dissertation and that, in our opinion, it is satisfactory in scope and quality as a dissertation for the degree of Doctor of Philosophy in Business Administration.

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## ACKNOWLEDGEMENTS

No duty is more urgent than that of returning thanks.

*-James Allen*

My sincere appreciation to all my teachers in life, especially Chairperson Dharm P.S. Bhawuk as well as the other members of my Dissertation Committee. I'd like to acknowledge and thank Dr. Victor Wei Huang, Dr. S. Ghon Rhee, and Jaeseong Lim, my co-authors, for their insights and guidance for the paper that I wrote and presented at AoM 2016. Essay 1 of this dissertation was the foundation for that paper. I am responsible for the idea and all the data presented in Essay 1.

## **ABSTRACT**

A multi-method approach was used to develop a theory of organizational apology. In Essay 1, the impact of public apologies made by U.S. and Chinese companies on their stock market investment returns was examined. It was found that the overall impact of organizational apologies on cumulative abnormal return was significantly negative, as was the impact of apologies arising from perceived integrity violations. By contrast, the impact of apologies arising from perceived competence violations was found to be positive but nonsignificant.

In Essay 2, a grounded theory method was used to analyze organizational apology following some transgression. It was found that statements of contrition and assurances of non-recurrence were the most frequently included elements of organizational apology, while empathy statements were used less frequently. Concerns over negative publicity were the most frequent antecedent event to an organizational apology and the implementation of an easy fix was the most frequent consequent event. Seven descriptive transgression categories emerged, and were found to align with the 4Ps of marketing as well as the five SERVQUAL dimensions of service that customers care about. It was also uncovered that apologies from the Chinese organizations were longer and included more references to government and nationality.

In Essay 3, a longitudinal examination of apologies issued by Apple and Kingsoft was undertaken to assess for cultural differences in organizational apology. Findings suggest that apologies issued by U.S. and Chinese organizations are structurally similar, and reflect the strategic approaches of their CEOs.

Consumers' perception that an organization has done something wrong is often the antecedent of organizational apology, with a perceived ethical breach more damaging than a performance-related miscue. The elements of an organizational apology include an explicit statement of contrition and an assurance of non-recurrence and sometimes include a responsibility acknowledgment, compensation offer, and/or values statement. Sometimes blaming of third parties is also found. The consequences of organizational apology include complete or partial resolution of the customer's complaint when effective and escalation of complaints when ineffective, impacted by the adequacy of compensation, contrition, and cultural congruence. Twelve templates of organizational apology are presented for benchmarking.

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## **INTRODUCTION**

Although apologies are now expected by consumers following a product or service miscue (Salvador, Folger, & Priesemuth, 2012), there is a dearth of literature on apologies in the management field and extant findings are derived primarily from individual-level studies undertaken in Western countries. The multidisciplinary nature of the phenomenon necessitates looking outside the field to capture the relevant literature. A broad corpus of apology research exists within the sociology, psychology, and legal specialties, and there are also streams of apology-related literature in marketing, organizational communications, negotiation, ethics, and public relations. Nine of the most frequently referenced sources on apology-making in the management literature are set forth below in Table 1. These sources represent a diverse range of disciplines, further evidencing the wide conceptual net that must be cast to thoroughly examine the apology construct. All but one of the sources were published after 1991, suggesting an increasing awareness of the rise in organizational apologies since the 1990s.

**Table 1****Frequently Cited Sources on Apology in the Management Literature**

<b>Author</b>	<b>Title</b>	<b>Year</b>	<b>Field</b>	<b>Definition</b>	<b>Effectiveness</b>	<b>LOA</b>
Goffman	<i>Interaction Ritual</i>	1967	Anthropology/ Sociology	a gesture splitting an offender into 2 parts	regret, norm acknowledge., repudiation of self, future assurance, atonement or compensation	individual: a “way in which the individual must guard and design the symbolic implications of his acts” to restore face (pg 57)
Tavuchis	<i>Mea Culpa</i>	1991	Sociology	a restorative transaction (oral) requiring sincerity	forgiveness or no forgiveness (binary)	4 modes (1x1, 1xMany, Manyx1, ManyxMany) but “the bedrock structure of apology is binary” (pg 46)
Benoit	<i>Accounts, Excuses, and Apologies</i>	1995	Communications	a rhetorical defense strategy synonymous with <i>apologia</i> but requiring sincerity	responsibility acknowl. + “asking for forgiveness” as a “mortification” strategy (pg 79)	presumptively individual (“one”, “a person”, “an actor”, “the accused”; pp 79-82)
Lazare	<i>On Apology</i>	2005	Psychiatry	a 2-party encounter w/ offense acknowledgem ent + regret and/or remorse	2-pronged: restoration (offender) or healing (offendee)	distinguishes “public” and “private” apologies (pg 39)
Hearit	<i>Crisis Management by Apology</i>	2006	Public Relations/ Communications	a voluntary, ostensibly sincere performance masking an <i>apologia</i> (corporations)	dependent on a “compelling performance” (pg 36)	distinguishes individual, organizational (corp. & non- profit) & institutional <i>apologia</i>
Smith	<i>I Was Wrong</i>	2008	Philosophy/Law	“a loose constellation of interrelated meanings” (pg 12)	11 universal elements for a “categorical apology” (pg 140)	same four categories as Tavuchis (1991)
Coombs	<i>Corporate Reputation Review</i>	2007	Communications	“the organization takes full responsibility for the crisis	“compensation and/or full apology” (pg 172)	organization (offender) and a “wide array of stakeholders”

				and asks stakeholders for forgiveness” (pg 170)		(offendee) (stakeholder examples all natural persons) (pg 164)
Tomlinson & Mayer	<i>AMR</i>	2009	Management	“social account” to “reframe” an event after a “negative outcome” (pg 98) to “restore trust” (pg 85)	“confessions of responsibility, normally accompanied by an expression of remorse for the harm inflicted” (pg 98)	individual level (within organization)
Fehr & Gelfand	<i>AMR</i> - Apology	2012	Psychology	“..express both responsibility and regret for an offense” ( <i>AMR</i> , 2012, pg 679)	“different sets of elements” (pg 37) but primarily contrition statements, responsibility acknowledgments, & comp. offers ( <i>OBHDP</i> , 2012)	individual (apology)
	<i>OBHDP</i> - Forgiveness	2010				multilevel (forgiveness)
Fehr, Gelfand & Nag	<i>Psych. Bulletin</i> - Forgiveness	2010				

This research contributes to the management literature by uncovering quantitative support for the impact of apologies on performance, defining the elements of an organizational apology, uncovering how “non-apologies” are sometimes processed by consumers as apologies over time, proposing a model of organizational apologies incorporating the performative utterance principles of John Austin (1961), proposing a conceptualization of corporations as legal fictions, and supporting the utility of the Miles and Snow framework (1978) as a useful lens for longitudinal analysis of organizational apologies. This research is the first to utilize a grounded theory approach to define an organizational apology without relying on individual-level conceptualizations, finding that assurances of non-recurrence are more important than empathy expressions. It is also the first research to utilize a cumulative abnormal returns method (CAR) to uncover a significantly negative impact for organizational apologies overall as well as from those issued for integrity violations versus those issued for competence violations (non-significantly positive). It is hoped that the developed organizational apology templates and

organizational apology model will stimulate further research in the area of organizational apologies.

## **1 Literature Review**

### **1.1 Apology Origins**

The origins of the modern apology have been discussed by management and social science scholars from the perspectives of etymology (e.g., Tavuchis, 1991), Judeo-Christian tradition (e.g., Hearit, 2006, beginning each chapter with a biblical quote), and even literature (e.g., Fehr & Gelfand, 2010, briefly referencing Homer). It was anticipated by the researcher that organizational apologies may also have been influenced over time by notions of liability under the British and U.S. legal systems, so the Western common law system is also considered herein.

The perpetual existence of the modern corporation is structurally premised on the interchangeability and limited liability of its shareholders. Therefore, a holistic analysis of organizational apology-making would be incomplete without consideration of the historical body of Western law as it relates to the corporate form. Because the author of this study is a doctoral student in management with more than 10 years of experience practicing international corporate law (both in-house and private practice), a synthesis of the management and legal perspectives on apologizing may plausibly be more comprehensive than would otherwise be feasible. While non-Western concepts of relationship repair may also have a significant impact on how locally rendered organizational apologies are culturally framed and processed, it is plausible to focus primarily on the Western tradition for this study because the prevailing modern form of corporation evolved as a legal structure in the West.

## 1.2 Etymological Origins

Tavuchis (1991) traces the etymology of apology-making to its Greek roots; *apologos*, or story, becomes *apologia*, a spoken or textual defense, which then leads to our modern usage of *apology*. He stresses the gradual change in meanings for apology in *The Oxford English Dictionary* from a pure defense in the face of an accusation in 1583, to a justification, explanation, or excuse therefore in 1593, to a reparative explanation incorporating a lack of wrongful intent in 1597. The verb form *apologize* appeared in *The Oxford English Dictionary* in 1597, with one prong synonymizing apologies with justifications, defenses, and excuses and a second prong recognizing an apology alone – without any justification, defense, or excuse – as a reparative act (Tavuchis, 1991). However, some modern scholars (e.g., Benoit, 1995, page 12) still sometimes use the terms *apologia* and *apology* interchangeably.

## 1.3 Religious Origins

Many apology scholars from the West such as Tavuchis (1991) and Hearit (2006) make frequent reference to Judeo-Christian religious traditions in their texts. For example, Tavuchis cites an extended excerpt from the New Testament pertaining to a father's forgiveness of a son's past transgression as an explanatory mechanism for the redeeming powers of an apology (page 31-32). Tavuchis suggests that the relationship between a "secular apology" and religious confession in the Catholic tradition have "haunted" (page 123) the entirety of his 165 page work. Hearit's (2006) book begins each chapter with a biblical passage, and discusses a Catholic Church apology as a case study for institutional mea culpas. Hearit also suggests that apologies and reconciliation are "the most basic of Christian duties" (page 203).

Most of the Judeo-Christian references to apologizing referenced by apology scholars are derived from the New Testament, as the Old Testament stressed more the "eye for eye, tooth for



tooth” (Exodus 21:23-25, *King James Bible*) perspective on restorative justice in the first covenant. The Old Testament view offers the possibility of “sevenfold” vengeance for an offense (Genesis 4:15), but the New Testament suggests a second covenant whereby one should turn and offer another cheek if slapped (Mathew 5:38-45) (*King James Bible*). However, the assurance of vengeance is still present – Romans 12:19-21 declares “avenge not yourselves... Vengeance is mine; I will repay, saith the Lord” (*King James Bible*). Thus, it appears that the specter of punishment is not eliminated but deferred to the afterlife under the New Testament view.

The New Testament account of Christ’s death on the cross is understood in the Christian tradition to represent the expiation of past collective human sin, and provides for future forgiveness of an individual’s transgressions if such person repents and accepts the New Testament model of God. Hebrews (New Testament) declared that practices of animal sacrifice were no longer needed because of Jesus’s sacrifice on the cross (*King James Bible*). Animal sacrifices involved the symbolic transference of sin to an animal (such as a goat, hence the term ‘scapegoat’) that is subsequently killed, thereby rebalancing the moral equation. In the modern era, remembrance of Jesus’s suffering is recognized annually at Easter in places such as the Philippines by ritualized flagellation and even crucifixion by nails. These practices reinforce the Christian view that the wages of sin from a denial of Jesus Christ are severe.

#### **1.4 Literary Origins**

In circa 750 BC, the Greek poet Homer referenced a failed apology as a central event in his epic poem about a war between the Greeks and Trojans, *The Iliad* (Lang, Leaf, & Myers, 2012). In this incident, which has been referenced by modern apology scholars (Fehr, Gelfand & Nag, 2010), Achilles is angered by the failure of Agamemnon to adequately address the death of

his friend Patroclus in battle (Lang et al., 2012). Although Agamemnon offers gifts to Achilles as compensation in an effort to end the war, and defends his actions by stating “I was not myself”, a formal apology is never issued (Lang et al., 2012). Achilles is offended and thereafter embarks on a violent rampage against the Trojan troops (Lang et al., 2012). As one of the earliest examples of Western literature, *The Iliad* suggests an embedded belief in the importance of authenticity when delivering an apology.

Another famous early work referencing apologies was Plato’s 4<sup>th</sup> century BC *Apology of Socrates* (West, 1980). In the format of a philosophical autobiography, the defense made by Socrates at his trial is presented (West, 1980). The concept of an apology in Plato’s work is akin to the apologia discussed above, and involves a discussion by Socrates of his moral outlook on life to justify his actions (West, 1980). Socrates was executed for impiety and corruption of youth in 399 BC at the age of 70.

References to apology and forgiveness are frequently made in other historically recognized works of Western literature. Sixteenth century poet William Shakespeare (2015) references apologizing in *Romeo and Juliet* (Act 1, Scene 4) and forgiveness in *Hamlet* (Act 5, Scene 2); Milton’s seventeenth century treatise “Apology for a Pamphlet” (1953) questions the sincerity of the Church of England. English poet Robert Herrick of “gather ye rosebuds while ye may” fame penned a short work concerning a transgression in his seventeenth century poem “Revenge,” as follows:

**Mans disposition is for to requite**

**An injurie, before a benefite:**

**Thanksgiving is a burden, and a paine;**

**Revenge is pleasing to us, as our gaine** (Herrick, 1908).

“Revenge” suggests that individuals are motivated by their very nature to avenge a wrong because it is pleasurable (Herrick, 1908). More so, it is opined, than the reverse social transaction of thanking another for a kindness (Herrick, 1908).

### **1.5 Performative Utterances**

In 1961 philosophy scholar John Austin proffered performative utterances as a distinct type of discourse. Statements such as “I Do” in a marriage ceremony, for example, serve to effectuate the marriage rather than just report on the event. His approach departed from traditional philosophical perspectives on language analysis, which focused on true/false evaluations and diverse usages (Austin, 1961). Austin analogizes performative utterances to binding operative clauses in a contract, which are distinguished from recital terms that merely describe the parties and/or purpose of the agreement (Austin, 1961). These instances of speech have a functional role beyond a journalistic description (Austin, 1961).

While Austin describes ‘performative’ as an “ugly word”, Austin posits that new terminology is required to distinguish his proposed speech concept (Austin, 1961). Performative utterances are operative, but they are ascribed attributes and limitations that distinguish them from operative statements under the common law system (Austin, 1961). Other cited examples of performative utterances are apologies, christenings, and betting statements (Austin, 1961). In each of the foregoing cases, the words uttered do not report or describe an action; rather, they comprise the action itself.

Austin describes how utterances intended to be performative can ‘misfire’ (Austin, 1961). Several types of ‘infelicities’ that negate operant power and result in a performative failure are outlined (Austin, 1961). First, the words must be uttered under agreed social parameters. For example, the partners in a marriage ceremony must be legally eligible to marry for the words “I

Do” to have performative effect (Austin, 1961). The truth or falsity of the statement is meaningless if the relevant operative conditions are not satisfied (Austin, 1961). Misfires also result if the utterer lacks sincerity when making a pronouncement such as a congratulations (Austin, 1961). Problems can also arise if there is not a meeting of the minds (misunderstanding), if a party is under duress, or when the utterance is rendered in jest (Austin, 1961). Performative utterances accompanied with the requisite conditions are termed ‘felicitous’ (Austin, 1961).

Austin outlines a set of verbs imparted with explicit performative, but notes that passive voice statements such as a sign reading “This bull is dangerous” can also function as performative warnings (Austin, 1961). An implied performative effect may also exist when paired with another action, such as raising one’s hat when speaking ‘Salam’ (Austin, 1961). Certain other terms such as ‘I’m sorry’ may also have operant effect, depending on whether they are intended by the speaker as a *mea culpa* or merely an account of his or her emotional state (Austin, 1961). An apology rendered without sincerity would also appear to lack the necessary felicity to succeed a performative utterance under Austin’s conceptualization.

Austin’s “A Plea for Excuses” (1956) examines the meaning and usage of excuses in everyday speech from linguistic, legal, and psychological perspectives, offering further utility in processing the meaning and effectiveness of apologies. In response to alleged improper conduct, an excuse may be proffered by the wrongdoer or a third party to defend the assessed wrong (Austin, 1956). Excuses are characterized as a central form of extenuating speech, distinct from other examples such as pleas, defenses, and justifications (Austin, 1956).

Under Austin’s view, a justification cleanses an action from wrongfulness by providing a sufficient rationale for its undertaking; the actor is admittedly responsible for a bad deed, but the

deed was justified or entitled (Austin, 1956). By contrast, an excuse is not proffered to cleanse a deed of wrongfulness, but to reduce the level of responsibility based on mitigating circumstances such as duress or inadvertence (Austin, 1956). It is contended that the essence of an excuse's power relates to the evasion of responsibility (Austin, 1956). Commonly used expressions evolve over time, and thus provide a valuable perspective for understanding as the "first word" of reference (Austin, 1956). However, these words must also be examined with clarity and distinctiveness to assess "the world without blinkers" (Austin, 1956).

Austin (1956) suggests that standards of unacceptability for excuses arise based on their gravity and relevant social expectations. Words of excuse may be combined or dissociated under factual complications, such as the impulsive and deliberate (but *not* purposeful) decision to push someone off the cliff, all of which are varying forms of intention (Austin, 1956). The *Regina v. Finney* homicide case involving sometimes improperly framed issues of gross negligence in the death of a prisoner highlights how lack of clarity can befuddle an analysis of culpability (Austin, 1956). Austin suggests that the judicial interpretation of the facts at bar are imprecise, whereas Finney correctly detailed each action and accompanying element of intent in the case (Austin, 1956). "Trailing clouds of etymology" is a consideration that also impacts on excuse making (Austin, 1956). While tracing words back to their source can provide a model for contemporaneous interpretation and contrast, it may also lead to misconstrual because language evolves over time (Austin, 1956).

Austin reexamines the notion of responsibility in the 1966 posthumously-published essay, "Three Ways of Spilling Ink", which ideas can also offer insight into understanding why some apologies lead to forgiveness and others do not. Pleas and excuses such as duress, mistake, and accident can negate the freedom to act and thereby nullify culpability (Austin, 1966). The

paper's title refers to three expressions of intent that potentially mitigate or aggravate responsibility for a wrongful action: intent, deliberation, and purpose (Austin, 1966). It is opined that these variations of intent must be addressed before assessing whether an individual bears responsibility for freely taking an action (Austin, 1966). While Austin makes only a few explicit references to criminal law in his cases, the concept of premeditation as a requirement for malice, lack thereof as potential mitigation, and degrees of mens rea (required levels of intent for conviction such as negligent, grossly negligent, reckless, knowingly, etc.) are analogous to many of the proffered cases (Austin, 1966). Austin's theories are frequently cited in the apology literature to rhetorically distinguish among defensive speech acts (e.g., Benoit, 1995, page 13).

Gond, Cabantous, Harding, and Learmonth (2016) critically review the organization and management theory (OMT) literature incorporating an iteration of Austin's (1961) "performative utterance" conceptualization, purporting to undertake a 'performative turn' itself by way of their organizational taxonomy. It is suggested that the eight existing OMT incorporations of performative theory have led to fragmentation and a sometimes unclear nexus to the originating concepts, thereby necessitating increased cross-perspective dialogue and a refocusing on the foundational literature (Gond et al., 2016). A subsequent review of performative theory in the management and organization literature criticizes the approach taken by Gond et al. as constituting an "undue focus on intra-academic debates" (Spicer, Alversson, & Karreman, 2016). The Spicer et al. review (2016) posits the importance of an emerging "third wave" of critical management studies (CMS) theory generation that emphasizes organization-level phenomena purported as more significant to the public interest than intra-firm labor theory ("first wave") and hidden forms of workplace domination derived from new power conceptualizations ("second wave").

Critical performativity is tapped as one demonstration of the third wave, purporting to capture central organizational tactics pertaining to “circumspect care, pragmatism, and present potentialities” (Alversson & Spicer, 2012). Existing studies have applied critical performativity to the contexts of leadership, human resources, marketing, cooperatives, academic conferences, and online dating. Spicer et al. (2016) contend that “creative appropriation” of prior theories from Austin and others, along with new insights and quantitative analysis, is sufficient to build a new critical performativity paradigm that “stands on its own legs”.

## **1.6 Corporate Liability**

The concept of a distinct entity representing the interests of a collective group of individuals was recognized in ancient Greek society and refined further during the Roman Empire (Gillman & Eade, 1995). The Romans evolved a form of corporate body representing common guild interests that has been suggested as equally advanced with the English equivalent up until the seventeenth century (Gillman & Eade, 1995), although the Roman form did not provide shareholders with limited liability (Hillman, 1997). Following the collapse of the Roman Empire, the primary collective entity in medieval Europe became the Christian church, with merchant guilds also emerging into prominence in the middle ages (Szabo, 2005). These collective forms allowed the entities to survive beyond the lives of their individual members.

Elements of limited liability were present in Italy in the form of eleventh century *commenda* trading collectives and in the extant Islamic economy to license slaves as agents and foster cooperative merchant ventures (Hillman, 1997). Collective organizations were formed solely via sovereign charter in England until the Bubble Act of 1720 (Gillman & Eade, 1995). Joint stock companies such as the East India Company, with globe-spanning trade interests and a private army, became powerful organizations. Created via sovereign grant in 1600, the East

India Company was one of the first companies to offer its shareholders limited liability protection (*Economist*, 2011). Other joint stock companies were chartered in Britain to colonize North America (e.g., the Virginia Company in 1606), among other empire-building pursuits. The Bubble Act of 1720 in Britain ended sovereign monopoly on corporate formation, but the power to grant shareholders limited liability was restricted to the sovereign until the Limited Liability Act of 1865 (Gillman & Eade, 1995).

Although Britain did not originate the concept of limited liability, and enacted its first legislation more than four centuries after the statutory adoption thereof in 1408 by Florence (Hillman, 1997), shareholders of the East India Company and certain other entities did enjoy such investment protections by sovereign grant well before the Limited Liability Act of 1865. The British system effectively utilized corporate organizations to achieve global hegemony during the 1800s in the era known as Pax Britannica. *The Economist* suggested in 1999 that the concept of limited liability was the key catalyst behind Britain's industrialization and economic might during this period. Interestingly, this represents a long-delayed reversal, as the publication opined in 1865 that the importance of limited liability for shareholders was "much overrated" (Acheson & Turner, 2006).

In the United States, the first limited liability statute for partnerships was enacted by New York State in 1822 (Hillman, 1997). Statutes comparable to the British Limited Liability Act of 1865 were also adopted in the U.S. by 1860 (Gillman & Eade, 1995). As a former British colony, the United States also utilized English-derived common law within its judicial system. The interpretation of certain legal principles were therefore technically subject to influence by cases decided in Britain under the *stare decisis* doctrine, as all States excepting Louisiana adopted the body of British common law (Price & Bitner, 1969). Similar legal systems



foundationed on British judicial cases are also utilized today in India, Australia, Malaysia, Hong Kong, South Africa, Canada, and other former British colonies. Broadly speaking, legal actions brought in a common law system necessitate considering not just black letter statutes, but also prior court cases relevant to the matter at hand.

Despite national-level differences in institutional systems, it has been suggested that a near unified legal model of the corporation emphasizing the growth of corporate profits as the primary focus has evolved over the last 100 years (Hansmann & Kraakman, 2000), a view aligned with economist Milton Friedman (Rothaermel, 2012). The Hansmann and Kraakman perspective has been criticized by ethics scholars as a “minimalist view” that overlooks social responsibility (e.g., Heath, 2011). While today’s incumbent shared value creation framework suggests that social imperatives are a critical aspect of business strategy (Porter & Kramer, 2011), the economic imperative is still acknowledged to underpin the other imperatives. Thus, the foundational purpose of the corporation (outside of special forms such as non-profits or government-owned enterprises) under either the Friedman view or the shared value framework view is still economic; without profits, there can be no philanthropy. While the social responsibilities of corporations are increasingly recognized, 56% of college-educated Americans in the top income quartile still believe that “the social responsibility of business is to increase its profits” according to an *Economist* survey (Rothaermel, 2012).

The emergence of a singular corporate form has important ramifications beyond sharing the economic imperative as a foundation. Multinational corporations also offer shareholders limited liability, exist in perpetuity, and are recognized under law as persons with the right to sue and be sued. Stock Exchange rules around the world reinforce these commonalities in order to provide a platform for the seamless trading of shares across national borders. When an

organization commits a transgression, it is plausible that the foregoing characteristics may conflict with the local culture and offer insight into why and how the organization responds.

## **1.7 Apology Definition**

Apology scholars take differing approaches in defining the apology construct. A widely-cited seminal work by the late anthropologist and sociologist Goffman (1967) characterized apologies as “a gesture through which an individual splits himself into two parts, the part that is guilty of an offense and the part that disassociates itself from the delict.” Under Goffman’s view, apologies allow for the restoration of social harmony by separating the transgressor from the transgression (Goffman, 1967). This process is posited by Goffman to affirm a shared belief in the rule that was violated (Goffman, 1967). Goffman’s conceptualization of apologies nomologically overlaps with his definition of stigma, which he characterized as an attribute that renders a person “not quite human” (page 5) and thus dangerous; such attributions may or may not be based on reality and are difficult to repair, as any response will likely be attributed to the defect itself rather than any controllable behavior.

Tavuchis (1991) contends that the modern definition of apology semantically departs from the historical definition in that it focuses on the transgressing party as the agent of causality rather than just account for the transgression itself. Subsequent analysis distinguishes the former as ‘apologies’ and the latter as mere ‘accounts’ (Tavuchis, 1991). In an apology, the transgressor demonstrates sincerity by submitting to potential retribution and expressing a desire for complete remission (Tavuchis, 1991). For accounts, derived from the root word *apologos* or story, a transgressor’s energy is focused on the alleged outside agent(s) of causality (Tavuchis, 1991). An apology centers on the potential forgiveness by a harmed party of an inequitable act that is confessed to by a sincerely repentant transgressor (Tavuchis, 1991). Sincerity requires the

wrongdoer to embrace a wrongful action and thereby express regret and sorrow (Tavuchis, 1991). The transgressor's submissive posture shifts the burden of believability over to the offended party (Tavuchis, 1991). By contrast, in an account the transgressor seeks to evade responsibility and thereby distance the self from the offended party (Tavuchis, 1991). Apologies are therefore posited to hinge on authenticity, while accounts necessitate detachment (Tavuchis, 1991).

Tavuchis (1991) defined apology-making as a restorative transaction within a social web that may lead to the desired goal of forgiveness. A transgressor offers sorrow in exchange for the offended party's forgiveness in a transcendent process of reconciliation (Tavuchis, 1991). He distinguishes apologies from excuses, defenses, justifications, or legal measures, although wrongdoers may also engage in these other transactions (Tavuchis, 1991). Under the Tavuchis view, inwardly-focused regret and sorrow comprise the heart of apology-making rather than outwardly-focused reason (Tavuchis, 1991). Apologizing is posited to occur in the face of moral asymmetry, with the transgressor offering no consideration to the offended party in exchange for the desired gift of forgiveness other than the symbolic act of apology itself (Tavuchis, 1991). However, the decision of the harmed party to grant or deny forgiveness necessitates a moral duty (Tavuchis, 1991). The transgressor has assumed a helpless position and only the offended party holds the power to restore social unity (Tavuchis, 1991). Fundamentally, the two necessary elements of apologizing under the Tavuchis perspective are an offender that feels sorry and expresses such sorrow.

Benoit, a communications scholar, proposed a theory of post-crisis reputation repair encapsulating apologies in his 1995 book *Accounts, Excuses, and Apologies: a Theory of Image Restoration Strategies*. A typology of reputation rebuilding strategies are presented based on

review of existing theories (including reference to Austin, 1966, and Goffman, 1967) and analysis of post-transgression actions taken by individual, state, and organization actors (Benoit, 1995). Apologies are presented in some passages (i.e., page 14) interchangeably with the term apologias, a form of self-defense rhetoric, and viewed as just one strategy that may be employed following a transgression (Benoit, 1995). Two rhetorical approaches for rebuilding a tarnished image – Ware and Linugel on apologia (1973) and Ryand on kategoria and apologia (1982) – are critically analyzed as limited in scope and descriptive versus proscriptive in nature. Rosenfield’s mass media apology conceptualization (1968) is briefly touched upon but also rejected by as incomplete (Benoit, 1995). While a specific model of apology elements is not proffered, Benoit does reference sincerity as a requisite element (Benoit, 1995, page 4). Under Benoit’s 1995 theory, apologies can be a means of “corrective action” to restore image after a problem, comprise an aspect of “mortification” as a defense strategy, and potentially reduce offensiveness.

Lazare, a practicing psychiatrist, examines apology-making from a psychological perspective in the 2005 book *On Apology*. He defines the construct as a two-party encounter whereby a transgressor acknowledges personal responsibility for an offense and communicates regret or remorse to the offended party (Lazare, 2005). The involved parties may be individuals or groups, the apologies may be public or private, and the format may be written, verbal, or nonverbal (Lazare, 2005). Under Lazare’s view, explanations (the outward communication of guilt or shame by the offender), reparations, and intent not to re-offend are germane to apology but not required elements (Lazare, 2005). Whereas Tavuchis focused on apology-making as a social transaction involving the primarily verbal exchange of regret and sorrow for the gift of forgiveness, Lazare allows that apologies can resemble a dialogue or negotiation, but does not stress the exchange process or emphasis an oral delivery mechanism as did Tavuchis.

Lazare also examines the relationship between apology and forgiveness, positing that the popular media has devoted more attention to the latter than the former (Lazare, 2005). Absent a meaningful apology, however, he suggests that many offended parties will never forgive (Lazare, 2005). Apologies are challenging for transgressors because they must assume a supplicant posture and expose themselves to potential embarrassment and rejection (Lazare, 2005). However, this supplication is posited to open the door to an emotional exchange involving forgiveness by the offended party (Lazare, 2005). The religious concept of repentance in the Christian, Islamic, and Jewish tradition is posited to be conceptually similar to a sincere apology. While forgiveness is said by Lazare to imply three potential relationships – the self, God, and between two parties – he focuses on the latter relationship (Lazare, 2005). Forgiveness possesses both an emotional and cognitive component, must be voluntarily given, and is distinguished from the related concepts of pardoning and forgetting (Lazare, 2005). While an offended party may forgive in the absence of an apology, the social contract remains torn in this context and reconciliation is therefore unlikely (Lazare, 2005).

Lazare's definition of apology is more expansive than the Tavuchis perspective. For example, the Lazare definition encompasses an offender's mere acknowledgement of regret, assuming all other elements are present (Lazare, 2005). Bumping into someone on the street coupled with an acknowledgement of culpability and a regretful admission would constitute an apology under the Lazare classification. Mere statements of "I'm sorry" or "I apologize" alone would fall outside his definition, however. By contrast, Tavuchis contends that a transgressor's experience and communication of sorrow are fundamental and central to apologizing; bumping into someone on the street would appear to lack the necessary emotive force for a true apology under his view.

In *I Was Wrong* (2008), Smith approaches apology-making as a complex interaction with a multiplicity of forms, functions, and roles from a philosophy perspective. Smith, a former practicing attorney with a J.D. and a Ph.D. in philosophy, utilizes a multi-disciplinary approach in his analysis of the apology construct, considered transformative but also vague or manipulative (Smith, 2008). According to Smith, a purely linguistic or binary definition of apology or the related concept of forgiveness does not allow for consideration of subtle variations and ignore potential cross-language distinctions (Smith, 2008). Smith (2008) presents a holistic interpretation of the apology construct as a “loose constellation of interrelated meanings” complicated by cultural differences and temporal factors, although he does outline the elements of an ideal apology. His definition of the apology construct is more expansive than either Tavuchis (most restrictive) or Lazare (less restrictive) (Smith, 2008).

The defining elements of Smith’s ideal or “categorical apology” are (1) mutual clarity on the key relevant facts of the transgression, (2) acceptance of blame by the offender beyond mere sympathy, necessitating an acknowledgment of causation, moral standing, and responsibility by the offender for the harm suffered by the victim, (3) specific identification by the offender of each harm, (4) identification by the offender of the breached moral principles for each harm, (5) endorsement by the offender of each breached moral principle, (6) involvement by the offender of the victim in the apology dialogue as a moral interlocutor to signal the offender’s vulnerability, (7) the offender’s expression of categorical regret, (8) communication by the offender of an appropriately timed and placed apology to the victim, (9) the offender’s reparations and reformation, (10) the offender’s display of appropriate apologetic intent, and (11) the offender’s display of the requisite emotions (analogous to legal *mens rea*) such as shame, guilt, embarrassment, regret, remorse, empathy, and sympathy, varying by culture (Smith, 2008).

Hearit's *Crisis Management* (2006) considers organizational apologies from a public relations and business communications perspective in the aftermath of an accusation of malfeasance. Apologies are defined by Hearit (2006) as "the offering of a *mea culpa*," as distinguished from apologia, or "the act of giving a defense". An apology acknowledges guilt and renders one defenseless, whereas the apologia is primarily concerned with counter-attacking (Hearit, 2006). However, a primarily defensive apologia may still contain an apology as one of many defensive ramparts (Hearit, 2006). It is suggested that corporations primarily engage in apologia to guard their reputations in reaction to daily threats, but attempt to mask such discourse as true apologies (Hearit, 2006). Corporate apologies are posited to necessitate the voluntary following of story "scripts" from intra-entity legal and public relations advisors (Hearit, 2006). Three different types of "advocates" – individuals, organizations, and institutions – are distinguished by Hearit as potential responders in apologia discourse (Hearit, 2006).

The issuance of an apology is proffered by Hearit (2006) as one of five "prototypical stances" used by corporations in apologia discourse depending on the level of responsibility. From low to high, the conceptualized communication stances are denial, counterattack, differentiation, apology, or legal. Hearit (2006) suggests that the appropriate stance depends on public perceptions of the organization's level of responsibility for the harm. Because these perceptions may change from day-to-day in the modern global economy, managers must constantly reassess the corporation's defensive posture (Hearit, 2006). The act of apologizing is therefore but one option in the suite of communication mechanisms available to corporations pursuant to Hearit's (2006) perspective.

## 1.8 Apology Process

According to Tavuchis (1991), the string of social processes that define a successful apology begins with a call for forgiveness and ends with transmission thereof. Under his perspective, a transgression may qualify as “apologizable” depending in part on the degree of harm; offenses may either be too inconsequential or too monstrous to fall within the domain of discourse. Tavuchis (1991) posits that verbal apologies are preeminent and that written or symbolic “tokens” are rarely sufficient by themselves because they lack sensory intimacy. Under the Tavuchis (1991) view, an oral act of apology begins with the naming or calling of an offense as an apologizable act, proceeds to the utterance of an actual apology, and then (burden shifted) either forgiveness or rejection. The foregoing three phases are suggested by Tavuchis (1991) as the minimal required components for the communication of an apology, although more phases may also occur. He posits that apologies, as do rites-of-passage, involve a change in social status, but the former lead to the restoration of rights and obligations post-transgression whereas the latter necessitate a change in rights and obligations (Tavuchis, 1991). Tavuchis (1991) contends that the conveyance of sorrow through the act of speech is the central purpose of apology-making.

Under the Lazare (2005) perspective, the structure of an apology is comprised by a four-part process consisting of (1) transgression acknowledgement, (2) transgression explanation, (3) the experience of attitudes and values such as shame and remorse, and (4) reparations, but the process is posited to vary based on context and elements may sometimes be absent. Lazare (2005) distinguishes between private and public apologies, but does not separately classify the latter based on the party roles as does Tavuchis. It is posited that private apologies usually necessitate sincerity, whereas public apologies do not (Lazare, 2005). A public apology is aimed



at outing an offense and restoring the public's face, and is more scripted, less emotive, and involves more third parties (Lazare, 2005). The public reaffirmation of the transgressor's shared values serves to reduce concerns that it will reoffend (Lazare, 2005).

Lazare (2005) also examines the internal motivations behind the rendering of an apology by a transgressor, categorizing them as either responses arising from inward feelings of guilt and shame or reactions to purely external forces. With regard to the latter category, apology-making is used as a tool to negate potential abandonment, social stigma, reputational harm, retaliatory acts, or other forms of punishment (Lazare, 2005). He discusses several examples of externally-oriented apologies, all but one of which (a Fiji island apology for eating a British missionary) are rendered by an individual transgressor (Lazare, 2005). While externally-oriented apologies may only be "strategic" mechanisms with an instrumental aim, they are still posited to play a beneficial social function by fostering harmony and restoring faith in the social contract (Lazare, 2005)..

Whereas Tavuchis (1991) stressed the transactional dependence of both parties during the apology process, Lazare focuses on the separate motivations of the two parties. For the offended party, the primary motivation for initiating step one of the process is to obtain healing (Lazare, 2005). By contrast, the primary motivations of the transgressor are posited by Lazare (2005) to arise from feelings of guilt, shame or empathy for the transgression or a desire to restore the relationship and avoid negative repercussions such as punishment or abandonment. Lazare (2005) outlines separate steps for both transgressors and offended parties to realize these objectives. The offended party may seek healing by (1) restoring its lost or damaged dignity, (2) reassuring itself of the transgressor's shared values, (3) assuring its own lack of culpability, (4) assuring that the transgressor will not re-offend, (5) observing the transgressor's suffering, (6)

obtaining reparations, and/or (7) finding a forum to share its negative feelings (Lazare, 2005). By contrast, the transgressor may acknowledge its offense by (1) identification of the transgressors and offended parties, (2) sufficiently detailed acknowledgement of the transgression, (3) recognition of the transgression's effect on the offended parties, and (4) confirmation that the transgression breached the social contract among the parties (Lazare, 2005).

The communication of shame, remorse, and humility after the identification of a transgression comprises the second component in Lazare's (2004) apology structure, transgression explanation. The actual experience of these negative attitudes comprise step three in his process (Lazare, 2005). Remorse is characterized as a deep sense of regret and pain arising from guilt over a wrongful act involving a concomitant acceptance of responsibility (Lazare, 2005). Displays of remorse in an apology signal authenticity and function as a mode of self-punishment (Lazare, 2005). Forbearance is the desire to avoid re-offense and is a future-aimed partner of past-aimed remorse (Lazare, 2005). Indications of shame by a transgressing party sometimes complement displays of remorse to strengthen an apology, either directly or non-verbally in the form of body language such as blushing, bowing and averting the eyes (Lazare, 2005). The failure of Monica Lewinsky to express shame is suggested to indicate a purely self-focused concern and non-apologetic intent (Lazare, 2005). As does the display of shame, the indication of humility (the antithesis of arrogance) by a transgressor is posited to foster the apology process by reducing the transgressor's power (Lazare, 2005). Sincerity is viewed to be important in private apologies but not requisite for public apologies, wherein the social contract can still be made whole by affirming social norms and values for the record (Lazare, 2005).

Offended parties may expect explanations or reparations from a transgressor as apology components as a fourth step in the apology process outlined by Lazare (2005). An explanation may reduce anxiety regarding future harm, allocate any shared responsibility for the transgression, and restore faith in the values underlying the social contract (Lazare, 2005). The offering of reparations may fundamentally restore the offended party in certain situations, such as restoring a lost or broken item, or function as purely symbolic indications of the transgressor's awareness of harm and desire to heal (Lazare, 2005).

Benoit's proscriptive theory of image restoration (1995) referenced the apology process only in the discussion of prior conceptualizations by Ware and Linkugel (1973, with apologia characterized by denial, bolstering, differentiation, and transcendence as defense factors) and Ryan (1982, viewing apologia as defense discourse necessitating analysis of the applicable *kategoria* or attack in a transgression). In a subsequent conceptualization by another communications scholar, Hearit (2006) proffered that apologies should be timely and that corporate transgressors must adapt their posture to daily criticism. While no map of the apology process is offered, Hearit (2006) stresses that apology performances must be well-performed and attuned to align with consumer expectations.

Smith (2008) does not explicitly analyze forgiveness as part of an exchange or negotiation process as did Tavuchis and Lazare. The communication (or not) of forgiveness in whole or in part by a victim after receiving an apology from an offender impacts the overall meaning of the apology discourse (Smith, 2008).

## **1.9 Apology Timing**

Tavuchis (1991) suggests that the timing of an apology differs depending on the contextual scenario, but in all cases must occur within a certain timeframe from the transgressing

event to be effective. He contends that apologies may fail due to improper timing if issued outside the structural sweet spot in a given fact pattern (Tavuchis, 1991). It is suggested that instant apologies may appear spurious, whereas late apologies lack power and require more motivation on the part of transgressors (Tavuchis, 1991).

Lazare (2005) distinguishes the timing of personal and non-personal apologies. A non-personal apology is said to arise from an incidental event and not aimed at harming a particular person or group, whereas a personal apology involves an existing relationship and intentional conduct (Lazare, 2005). He suggests that minor non-personal apologies are best delivered while “the crow is still warm”, whereas personal apologies and more serious non-personal apologies require passage of time for effectiveness (Lazare, 2005). While an apology’s effectiveness is suggested to have a shelf life, delayed apologies may still have potency to restore damaged relationships in four instances: (1) unabatingly guilt or shame, (2) deathbed utterances, (3) strategic reaction to a change in circumstances, and (4) newly developed ethical ideals (Lazare, 2005).

### **1.10 Apology Effectiveness**

The effectiveness of an apology has generally been linked with forgiveness by the recipient (Bisel & Messersmith, 2012). Goffman (1967) posited that regret, norm acknowledgement, repudiation of the self, future assurances, and the offering of atonement or compensation make an apology effective. Under the Tavuchis (1991) perspective, apologizing is a social transaction whereby an offender must demonstrate sorrow by minimally naming an offense, uttering an apologetic communication, and thereby realize either forgiveness or rejection. The effectiveness of an apology is posited to hinge primarily on the sincere demonstration of sorrow (Tavuchis, 1991). Sincerity was also referenced by Benoit (1995) as a

requisite component of apologetic discourse, and by Austin (1961) as a necessary condition to avoid an apology ‘misfire’.

Lazare’s (2005) focuses on the separate motivations of the offender and offender necessitates a two-pronged assessment of effectiveness for each step of the apology process. Hearit (2006) posited that an effectively apology (1) meets audience expectations, (2) is well-performed to indicate sincerity, (3) appears voluntary and unforced, (4) absolves guilt and demonstrates that the offense will not be repeated, and (5) realigns the transgressor with the breached values at issue.

Hearit (2006) proffered that apologies must be timely and that corporate transgressors need to adapt their posture to daily critical feedback. While no map of the apology process is offered, it is suggested that apology performances should meet consumer expectations, be capably performed to appear sincere, lead to the absolution of guilt, and be in alignment with the breached values at issue to realize effectiveness (Hearit, 2006).

Smith’s (2008) more amorphous interpretation of ideal apologies proposes 11 to 12 elements (depending on chapter – discussed above) for a categorical apology, but it is suggested that the unlimited variation of apologetic discourse makes a definitive classification problematic.

Because apologies sometimes fail and can even make things worse (Kellogg, 2007), it has been suggested that harm-doers adjust the content of their apologies based on the differing expectations of the recipients (Fehr & Gelfand, 2010). Another finding relevant to effectiveness is that pre-existing relationships encourage more apologizing and subsequent forgiveness (McCullough et al., 1998). The degree of offense severity is another potential moderator of apology effectiveness, with offended parties less likely to forgive a severe transgression (Bennett & Earwaker, 1994).

A cross-disciplinary review of the literature on apology components by Fehr and Gelfand (2012) identified compensation offers (concrete or emotional – such as a monetary award), empathetic expressions (e.g., a communication of understanding for shared feelings) and norm/rule violation acknowledgments (e.g., a statement recognizing breach of a law or non-codified behavioral expectation - posited as most relevant in the group context) as three main elements of effective apologizing.

### **1.11 Competence Versus Integrity Classification**

Miscues leading to an apology have been classified by apology researchers based on whether they refer to a competence violation of skills, performance, and/or knowledge or an integrity violation arising from noncompliance with norms and values (Kim, Ferring, Cooper & Dirks, 2004). Support has been found for the greater utility of apologies to repair violations pertaining to competence as opposed to violations pertaining to integrity (Kim, Dirks, & Cooper, 2009). Zavyalova, Pfarrer, Reger, and Shapiro (2012) similarly theorized that violations of integrity were weighted more heavily than violations of competence by the media following U.S. toy company recalls.

### **1.12 Gender as a Moderator**

The potential relationship between gender and apology effectiveness has also been addressed in the literature. Some evidence suggests women may apologize more frequently than men in general and that men apologize more to women than to other men (Smith, 2008). Smith (2008) suggests that the rising voice of women since the 1990s may partially explain the upward trend in apology-making as a societal phenomenon. Lazare (2005) posited that women may be more likely to apologize than men as a result of childhood intimidation and a greater proclivity to experience guilt.

Recent findings also suggest that men and women apologizers realize differing levels of effectiveness for their mea culpas based on typology, with women more effective for integrity offenses and men more effective for competence offenses (Wei & Ran, 2017). In recognition of the potential impact of gender on apology-making, previous studies focusing on apology effectiveness have controlled for the offended party's gender (Fehr & Gelfand, 2010). The purported tendency of women to apologize more frequently than men has been critically addressed by some voices in the mainstream media in response to a recent shampoo advertisement imploring women to stop saying "I'm sorry" (Garber, 2014 in *The Atlantic*; Bennett, 2014 in *Time*; North, 2014 in a *New York Times* blog).

### **1.13 Other Moderators**

The degree of offense severity is another potential moderator of apology effectiveness, with offended parties less likely to forgive a severe transgression (Bennett & Earwaker, 1994). Pre-existing relationships have been found to encourage more apologizing and subsequent forgiveness (McCullough et al., 1998), suggesting that corporate reputation may also have a moderating influence on effectiveness. Given that foreign firms generally have weaker pre-existing relationships with consumers than their domestic rivals, it is plausible that organizations will find it harder to restore legitimacy and potentially incur a liability of foreignness in their apology-making.

### **1.14 Levels of Analysis**

Goffman's (1967) conceptualization of apologies appears to have presume an individual level of analysis, describing such rituals as a "way in which the individual must guard and design the symbolic implications of his acts (page 57). Similarly, Benoit (1995) utilizes such terms as

“one”, “a person”, “an actor”, and “the accused” (pages 79-82) in his conceptualization of apology-making.

In contrast to Goffman (1967) and Benoit (1995), Tavuchis (1991) considers the rendition of apologies in four distinct modes: one to one, one to a many, many to one, and a many to many. Under the Tavuchis classification, “many” refers to a collective with a common identity and not just a collection of individuals. Tavuchis (1991) interprets all apologies as fundamentally dyadic because they involve two parties, a transgressor and transgressed-upon person or group, and mode one is utilized as a conceptual baseline. In mode two, transgressors are under greater scrutiny than in the baseline mode because they have transgressed upon more than one party (Tavuchis, 1991). The offended plurality may continually surveil the transgressor and join together to amplify their demands. Dialogue between the two parties is by perforce dragged into the public sphere, which may harden positions and lead to a performance that is non-conducive to reconciliation (Tavuchis, 1991).

In apology mode two, an offender communicates for the “record” in a process more akin to testimony (Tavuchis, 1991). The offended individuals become witnesses, and the importance of sorrow is reduced (Tavuchis, 1991). However, public exposure is suggested to result in more formalistic speech patterns and lessens the opportunity to express true sorrow (Tavuchis, 1991). Apology-making may serve as one of several available tools to restore an individual offender’s legitimacy (Tavuchis, 1991).

Apologies in mode three are issued by a collective to one person, a mirror reversal of the roles in mode two (Tavuchis, 1991). The plurality – in this case, the transgressor – can bring additional pressure to bear in the form of monitoring and group amplification. Under the Tavuchis (1991) classification, a corporate to consumer apology fits within mode three, even if



there are more than one consumer(s) involved, since they do not share a single collective identity.

Apologies of the fourth mode, collective to collective, involve individuals as agents rather than principal actors (Tavuchis, 1991). One example of this modality is a nation to nation apology (Tavuchis, 1991). The apology discourse in this mode is highly formalistic and characterized by Tavuchis (1991) as a feat of diplomacy between two fictitious social beings. In order to structurally encapsulate both collectives, the apology discourse must be public rather than private (Tavuchis, 1991). An “off the record” apology is devoid of power for a collective that may theoretically exist in perpetuity; the formal record of the dialogue is what ontologically characterizes the discourse as an apology in mode four (Tavuchis, 1991). The defining character of a group four apology is its reliance on documentation, which distances the dialogue from the moral capacity of the spoken word and trivializes any items falling outside of the record (Tavuchis, 1991). Tavuchis makes the extant observation that Western apologies in this mode are rarely given by collective organizations, despite their transformative power and public perceptions of organizations as coercive, evasive, insensitive, or indifferent to the transgressions suffered by individuals (Tavuchis, 1991). By contrast, the Japanese legal system encourages apology-making, and it is posited that the U.S. should consider reforms to do the same (Tavuchis, 1991).

Lazare (2005) distinguishes among individual, organizational (corporations and non-profits) and institutional apologies, with organizational and institutional apologies sometimes referred to as collective or public forms of an apology. According to Lazare (2005), acknowledgement of a transgression is the most critical component for an organizational offender, due to the potentially large number of harmed parties and need to establish a historical

record for the avoidance of misunderstanding. He deems Lincoln's Gettysburg Address as a successful example of a public acknowledgement on behalf of a collective group (the U.S.) of a transgression (slavery) for which an apology is subsequently rendered (Lazare, 2005). Lazare suggests that public acknowledgements may fail if they are vague or unfinished, rely on passive voice, establish conditionality, question the existence of harm, trivialize the offense, declare empathy without responsibility, or fail to name the correct offended parties or offense at issue (Lazare, 2005). Which individual should communicate on behalf of a transgressing group in a public apology is deemed by Lazare (2005) to be an important yet unanswered question.

Smith (2008) classifies apologies as individual to individual, individual to group, group to individual, or group to group, the same method used by Tavuchis. He posits that the increased complexities necessitated by the involvement of multiple parties in the discourse makes a group categorical or ideal apology unlikely (Smith, 2008). As group size increases, complexities are compounded, resulting in the rendition of many "thin" group apologies of limited moral impact. The difficulty in realizing consensus by a collective offender is posited to be one such complexity; ambiguous and vague apologies are more likely in the absence of agreement among the individual offenders (Smith, 2008). Other complexities are suggested to relate to the choice of spokesperson and degree to which she or he speaks for the group, identification and membership of the offending individuals within the organization (management, board, shareholders, employees, contractors, etc.), and the potential need to address a diverse constituency (Smith, 2008).

Smith (2008) posits that the creation of public record is important in collective apologies but not necessarily an overriding concern, as Tavuchis contended. Smith (2008) contends that the level of clarity necessitated for the apology discourse is affected by the availability of

information on the transgression itself and its victims, potentially involving the cooperation of multiple fact-finding institutions. He argues that the rendition of public “apologies” that do not identify specific victims or circumstances of contextual significance, such as the 1930s Mexican Repatriation Program, lack sufficient moral force to constitute legitimate apologies (Smith, 2008).

It is suggested by Smith (2008) that the mere expression of sympathy on the part of a collective offender, as distinguished from apologizing, may offer limited restorative value despite raising concerns over whether a group can experience sympathy (if offered alone as a perfunctory gesture), may fail to signal an intent not to re-offend, and does not provide reparations. The issue of causation (acceptance of responsibility) for a group offender for actions of a certain members or past-members may be justified or acceptable to victims due to the need to allocate blame, perceived deep pockets of the offender, general acceptance of group agency, and recognition of a group’s changing membership over time (Smith, 2008). Smith (2008) posits that collective apologies often provide less meaning to victims than individual member categorical apologies, can shift or reduce blame from culpable individuals, and be provided in substitution for individual apologies. The example of the Rwandan genocide collective apology by President Clinton (failing to attribute blame or contributory responsibility at the individual level which aggregately and exponentially resulted in mass murder) is proffered by Smith as an example (Smith, 2008). Despite these shortcomings, Smith (2008) concludes that collective apologies may serve a supplemental palliative role for “institutional disease” and transgressions resulting in part from structural faults at the institutional level. Causal responsibility (institutional/structural) and moral responsibility (erring individuals within the institution) for transgressions are distinguished.

With collective apologies, Smith (2008) contents that intent is relevant to the historical record because (1) it relates to culpability vis-à-vis extant mental state at the time of offense, and (2) intent impacts on the integrity of the apology itself (sincerity). Individuals must have “standing” to issue an apology categorically for a collective group because (1) the individual bears no blame, and (2) the blame-worthy offenders did not authorize the individual to issue an apology. Smith (2008) refers to the “folly” of the UN Office of Apology and Reconciliation for hiring a professional apologist to render apologies for such events as the Opium Wars in China, massacres in Ireland, and the Vietnam War despite his (Marc Basset, a restaurant critic) lack of standing. It is posited that vertical (rank) and horizontal membership within an organization can establish shared membership in a collective group, but does not establish standing alone; the apologizer should have specific delegated authority for the apology which usually comes in the form of consensual agreement (e.g., U.S. presidents on behalf of America) (Smith, 2008).

### **1.15 Corporate Level of Analysis**

Corporations engaged in the apology process are generally classifiable as “many” or “collectives” by the apology literature discussed above, along with other dissimilar entities such as governments, charitable organizations, and other non-governmental institutions. Although corporate apologies have been found to be important for the restoration and maintenance of relationships (Tucker et al., 2006), they are purportedly uncommon in the U.S. (Timson, 2003) because they may also signal weakness and are a potential source of legal liability (Tucker et al., 2006). While 35 US states have recently codified protection for apologies by making them inadmissible as evidence, there are still situations in which the rendering of an apology could potentially lead to liability (Robbennolt, 2008).

Within the U.S. adversarial legal system, apologies may constitute an admission of guilt by an alleged perpetrator and also support a claim of causation for an alleged harm. The issuance of an apology by a collective transgressor in the U.S. can therefore be a “potentially stupid and costly gesture” (Tavuchis, 1991, page 95) or even rise to the level of “legal suicide” (Smith, 2008). While apologies may carry some negative legal consequences, scholars have also noted the potential benefits of organizational apology making (Pfarrer et al., 2008), such as reducing damage awards or negating the need for litigation altogether (Smith, 2008). However, apologies may also reflect an insincere, self-serving strategy (Schlenker, 1980). Whether authentic or not, apologies are now expected by U.S. consumers following a product or service miscue (Salvador, Folger, & Priesemuth, 2012). As noted by Avruch and Wang (2005), on the backs of many U.S. insurance cards is an admonishment to never admit fault.

Issuing an apology has been proposed as one type of explanation firms offer to encourage stakeholders to view the overall transgression response as appropriate (Pfarrer et al., 2008), based on the relevant norms and values of the affected social group, which constitutes legitimacy (Ashforth & Barrie, 1990). Conlon and Murray (1996) draw on impression management literature to analyze corporate responses to consumers based on a negative product experience, and found that prompt apologies were more effective than excuses or issue avoidance as a legitimization strategy. Their research suggests that apologies combined with assertive justifications and acceptances of blame comprise the most effective response to consumer complaints (Conlon & Murray, 1996).

While organizations are unable to experience remorse or sorrow as emotions, they can still demonstrate sincerity “in a manner of speaking” (Tavuchis, 1991, page 97). Research has suggested that offended parties expect transgressors to feel sad as a norm (Arsenio & Lover,

1995) and a recent management study found that apologizing CEOs who do *not* express sadness in a videotaped apology were judged insincere and punished with negative stock returns (Brinke & Adams, 2015). The Brinke and Adams study used trained emotional expression coders blind to financial outcomes.

### **1.16 Cultural Differences**

Cross-cultural scholars examining apology-making and forgiveness have found support for the influence of culture on both related constructs. The existing management literature addressing the intersection of cultural differences and apologies is scant, and extant scholarship relies primary on case study analysis. Negotiation scholars utilized the context dimension in a qualitative analysis of the US apology to China over the 2001 spy plane incident (Avruch & Wang, 2005). Analysis suggested that the Chinese side focused more on the implied entailments and contextual factors of a symbolic apology than did the Americans based on a cultural prioritization of face, relative power, and hierarchy. Americans, by contrast, have been posited to rely more on communication strategies premised on rational analysis as opposed to contextual factors (Cohen, 1991). More recently, Padgett, Cheng and Parekh (2013) compare the post-crisis reactions of two companies from India and Taiwan, respectively, determining that image-repair strategies differ across national borders as the result of cultural differences.

Leung and Tong (2004) cite the accidental sinking of the Japanese training ship Ehime Maru in 2001 by a U.S. naval submarine to demonstrate the impact of cultural differences on apology making. Leung and Tong (2004) found that the Japanese public reacted very negatively to the naval commander's issuance of a written statement of "most sincere regret". In Japan, such apologies are expected in person directly to each family member as an indication of remorse and willingness to bear blame, whereas in the U.S. the apologizing individual may be

more concerned over severe economic consequences such as tort liability (private lawsuits) and/or the loss of employment benefits (military pension, health benefits, etc.) (Leung & Tong, 2004). The U.S. commander later apologized to the Japanese ship captain in person, the U.S. president travelled to Japan to make a public apology, and a U.S. Navy Admiral to speak directly with the victims' family members in order to resuscitate the US-Japanese relationship (Leung & Tong, 2004).

## ESSAY I: IMPACT OF APOLOGIES ON STOCK PRICE

### 1 Introduction

Apologies are an important mechanism for the restoration and maintenance of relationships, but may also signal weakness and lead to a lawsuit (Tucker et al., 2006). Although apologies sometimes fail and can make things worse (Kellogg, 2007), a mea culpa is now expected from consumers after a company misdeed (Salvador, Folger, & Priesemuth, 2012). The importance of apology-making has been chronicled since Agamemnon's failed apology to Achilles in the Iliad (Lang, Leaf, & Myers, 2012), and the overall volume of apologies appears to be steadily increasing in recent years, as Table 2 below suggests from a search of *New York Times* articles from 2005 to 2014. This uptick in apologizing has likely been spurred by the opening of borders and rapid advancements in communications technology, although the increasing power of women on the global stage since the 1990s has been suggested as another potential contributing factor (Smith, 2008).



Table 2

*New York Times* Word Search Results\*

Year	“Apology”	“Company” and “Apology”
2005	415	83
2006	522	118
2007	692	129
2008	566	101
2009	691	118
2010	736	142
2011	680	127
2012	752	150
2013	669	148
2014	1304	219

**Compiled on 4-26-15\***

The increasing prominence of apologies over the last two decades is a global phenomenon; a spike in Japanese CEO apologies was recently observed (Pesek, 2015), and Australians began commemorating a National Sorry Day in 1998 (Gooder & Jacobs, 2000). Public apologies have become so commonplace that a presenter at the 2014 World Economic Forum in Davos, Switzerland pleaded for an “apology cease-fire” before dozens of influential CEOs and political leaders (Ember, 2014). The growing propensity to apologize for mishaps has been suggested as a cause of America’s perceived cultural decline (Slansky & Sorkin, 2007), and a historian opined in a 2004 *Washington Post* article, “the currency of penitence has been hyperinflated and has lost almost all of its value” (Judt, 2004). Frequent apology-making thus appears to be an aspect of “the general intellectual, moral, and cultural climate of an era”, the Merriam-Webster definition of ‘zeitgeist’ (2017).

Emerging research suggests that a bungled apology can negatively impact on market performance (Brinke & Adams, 2015). Preliminary analysis of the most and least profitable

Fortune 500 companies in 2014/2015 also suggests that the image of a corporation as an apologizer is associated with a negative financial performance, as shown in Table 3 below. A December 2015 Google search of the most profitable corporations yielded an average of 1.15% of total results referencing “apology” together with the company name, whereas the least profitable companies yielded an average of 6.71% results referencing “apology” along with the company name.

**Table 3**  
**Profitability and Apologies**

Least Profitable Fortune 500 Companies: Fortune, 2014					
Rank	Company Name	"NAME"	"NAME" + "apologized"	Proportion	
1	Caesar Entertainment	50,300	3,780	7.51%	
2	Energy Future Holdings	166,000	17,300	10.42%	
3	Newmont Mining	465,000	17,300	3.72%	
4	Alcoa	14,200,000	243,000	1.71%	
5	American Airlines Group	381,000	62,900	16.51%	
6	United States Steel	456,000	40,600	8.90%	
7	NII Holdings	165,000	5,760	3.49%	
8	Supervalu	643,000	49,100	7.64%	
9	J.C. Penney	6,460,000	155,000	2.40%	
10	Sears Holding	184,000	8,740	4.75%	
				AVG:	6.71%
Most Profitable Fortune 500 Companies: Fortune, 2015					
Rank	Company Name	"NAME"	"NAME" + "apologized"	Proportion	
1	Apple	1,580,000,000	863,000	0.05%	
2	Exxon Mobile	8,620,000	30,900	0.36%	
3	Wells Fargo	34,200,000	406,000	1.19%	
4	Microsoft	1,100,000,000	429,000	0.04%	
5	J.P. Morgan Chase	14,900,000	90,300	0.61%	
6	Berkshire Hathaway	16,300,000	334,000	2.05%	
7	Chevron	80,300,000	139,000	0.17%	
8	Walmart Stores	1,310,000	74,300	5.67%	
9	Johnson & Johnson	27,700,000	134,000	0.48%	
10	General Electric	51,800,000	457,000	0.88%	
				AVG:	1.15%
Sources:					
<a href="http://fortune.com/2014/06/02/500-least-profitable/">http://fortune.com/2014/06/02/500-least-profitable/</a>					
<a href="http://fortune.com/2015/06/11/fortune-500-most-profitable-companies/">http://fortune.com/2015/06/11/fortune-500-most-profitable-companies/</a>					

The crisis management literature offers a perspective on apologies as a strategic response from organizations that is distinctive from other measures such denials, counter-attacks, and explanations. Hearitt (2006) viewed apologies as the second strongest stance that an organization can take following a crisis, and Coombs (2008) also views an apology as just one defensive measure among several that can be wielded by a corporation after committing a wrong.

However, from the consumer's perspective the classification of an apology may be more malleable. Further, apologies can be issued for lesser blunders as well as true crisis events; American Airlines and other corporations now employ 'professional apologizers' (Maxon, 2010), which suggests that mea culpas are woven into routine corporate communications.

This study offers several contributions to the management literature. First, we provide quantitative support for the impact of a corporate apology on investment return, indicating that apologies have financial consequences. Our findings also strengthen extant research indicating that integrity violations are more difficult to repair than performance-related violations. Our authorship is comprised of both finance and management scholars, and the utilized CAR analysis allows for a sophisticated consideration of control variables. The foregoing contributions should also benefit practitioners with regard to crisis planning and customer relations strategizing.

## **2 Literature Review**

### **2.1 Apologies**

Apology research is multi-disciplinary, and the management literature on the construct frequently refers to scholarship from psychology, sociology, anthropology, law, public relations and communications, ethics, negotiation, and crisis management among others. Goffman (1967) explored apologies from an anthropological and sociological perspective, conceptualizing an apology as the splitting of the self into offending and non-offending components. Goffman (1967) defined apologies as a symbolic splitting of the self is posited to allow for the transgressor to distance her or himself from the behavior that breached the norms or values shared with the offended party.

Tavuchis (1991) examined apology-making from a sociological angle, stressing that apologies function as one component in a spoken exchange ritual that culminates in forgiveness

(or not) based largely on the transgressor's demonstration of sincere remorse or sorrow. Lazare, a practicing psychiatrist, penned a frequently-cited book on apologies in 2005 that stresses the healing powers of an apology that are motivationally distinct for the transgressor and transgressee. Hearit (2006) explored apologies from a PR and communications perspective, interpreting most organizational apologies as a defensive stance (*apologia*) rather than a sincere expression of sorrow. Hearit's view departed from the 1995 perspective of Benoit, a communications scholar, who did not clearly distinguish between apologies and *apologia* and referenced sincerity as a defining aspect of apology-making. Benoit (1995) also suggested that image restoration strategies (including apologies) should be analyzed as "campaigns developed over time" rather than as static events. Lastly, Smith (2008) stressed the unique and amorphous nature of apologies from a philosophy perspective, also drawing on his past experiences as a practicing attorney.

In a study focusing on forgiveness, Fehr, Gelfand and Nag (2010) suggested that forgiveness results when the transgressor is perceived to have split itself from the transgression, which supports the Goffman view. The perspective of Hearit, emphasizing the projection of remorse by an organization via an apology as a form of cloaked "counter-attack" after a crisis, overlaps nomonologically with the Goffman view. Hearit (2006) suggested that organizations don a mask in an apology performance, and that the apology is a last-ditch stance undertaken prior to litigation. The image restoration motivation of apology-making as one of several available defensive stances is also stressed by Coombs (2007) in his Situational Crisis Communication Theory.

Apologies can also be conceptualized as a negotiation or means of resolving conflict. Avruch and Wang (2005) analyzed the 2001 U.S. spy plane incident with China as an example of

how apologies can function in an international negotiation, emphasizing the differing cultural perspectives (Chinese emphasizing face and hierarchy, Americans emphasizing rationality and blame attribution). Leung and Tong examined the 2001 Ahime Maru incident, where an initial written statement of regret by the U.S. commander of a submarine that accidentally caused the death of several Japanese citizens was so culturally misaligned that it necessitated a subsequent in-person presidential apology tour in Japan. The reticence of U.S. leaders to apologize may arise from an instrumental desire to avoid admitting fault (Avruch & Wang, 2005); 35 U.S. states have addressed this concern by passing laws to limit liability for apologizers (Robbenolt, 2008).

Ethics is another subfield of organizational behavior that relates to apologies. Tucker et al. (2006) noted that apologies can indicate weakness, yet have the potential to restore damaged relationships and may even result in apologizing leaders being recognized as more transformational. Latham and Pinder (2005) noted that goals, social cognition, and organizational justice are important areas of extant research relating to motivation, and the restorative and transformational powers of an apology – as noted by Tucker et al. (2006) – impact on perceptions of organizational justice. Trust is another related subfield, with apologies discussed as a means to restoring trust after a transgression (Smith, 2008).

## **2.2 Negative Consequences**

While apologies have the power to restore a damaged relationship (Tucker et al., 2006), they can also be categorized as admissions of responsibility and thus potentially support a claim of causation within the U.S. legal system. The issuance of an apology may therefore be a “potentially stupid and costly gesture” (Tavuchis, 1991, page 95) or even constitute “legal suicide” (Smith, 2008) for a business entity. Research also confirms that apologies are not always successful and can make a bad situation worse (Kellogg, 2007). Although the issuance of

an apology may therefore have negative consequences for a corporation, today's consumers have come to expect them in the aftermath of a product or service error (Salvador, Folger, & Priesemuth, 2012).

### **2.3 Stock Performance**

A volume of business literature addresses the impact of crisis events on stock returns, primarily relying on a case study approach. In the field of crisis management, Coombs (2007) called for more empirical analyses to support extant theories. Existing quantitative studies support a link between a corporate crisis and subsequent negative stock performance (e.g., Capelle-Blancard & Laguna, 2010, finding a 1.3% decrease after chemical accidents with a sample size of 64). A Knight and Pretty (1999) study supported a link between corporate catastrophe and initial stock price drops, although they also noted that prices rebounded over time in certain cases and therefore called for a more sophisticated analysis. Kaplanski and Levy (2010) similarly found a large market loss after an aviation disaster far surpassing the actual financial loss incurred (\$60 billion versus \$1 billion), which tended to reverse after two days. Based on the foregoing, it is plausible to suggest that corporate apologies in response to perceived transgressions will negatively impact on subsequent stock market performance. We therefore hypothesize as follows:

*H1: Corporate apologies issued to consumers in response to perceived transgressions will negatively impact subsequent stock performance.*

## 2.4 Competence Versus Integrity Violations

Austin (1966) opined that variations of intent must be addressed before assessing the level of responsibility of an actor, which makes it plausible to suggest that breaches arising from intentional misconduct are more difficult to repair than those arising from a performance failure. Miscues leading to an apology have been classified by apology researchers based on whether they refer to a competence violation of skills, performance, ability, and/or knowledge or an integrity violation arising from intentional words and/or conduct that are incompatible with prevailing norms and values (Kim, Ferring, Cooper & Dirks, 2004). Researcher supports a greater utility for apologies in repairing violations pertaining to competence as opposed to those pertaining to integrity (Kim, Dirks, & Cooper, 2009). Zavyalova, Pfarrer, Reger, and Shapiro (2012) similarly theorized that violations of integrity were weighted more heavily than violations of competence by the media following U.S. toy company recalls. While the Brinke and Adam's 2015 study of investor perceptions of corporate apologies based on facial expressions assessed violation typology (competence versus integrity) to compare its representative sample with a larger pool, no differences in outcome (i.e., stock price performance) were reported based on typology. We are unaware of any existing published quantitative analyses of stock prices supporting the presumed lesser effectiveness of apologies in repairing integrity versus competence violations. We therefore hypothesize as follows:

*H2: Corporate apologies issued to consumers in response to perceived integrity violations will more negatively impact subsequent stock performance than apologies issued to consumers in response to perceived competence violations.*

### **3 Research Method**

We undertake an empirical analysis of the impact of corporate apologies on subsequent stock price performance utilizing a dataset of 187 unique transgressions manually compiled in Microsoft Excel by one of the co-authors from publicly available archives. Corporate financial statement information was obtained from the Compustat annual database and U.S. stock market returns from the Center for Research in Security Prices (CRSP) monthly stock returns files. We eliminated observations with insufficient data to calculate cumulative abnormal returns, characteristics of corporate apology, and control variables. The analyzed sample consisted of 102 corporate apology events from November of 1982 through December of 2015, attached hereto as Appendix A.

China was selected as a counterpart to the U.S. for this study because together they comprise the two largest world economies yet are distant from each other in terms of geography, language, and culture. One of the co-authors of Essay 1 is originally from China, and another lived in China for more than ten years and speaks conversationally fluent Mandarin, making China more practical as a research focus and potentially yielding deeper conceptual insights. According to the International Monetary Fund, China has already surpassed the US to become the world's largest economy based on purchasing power parity (Carter, 2014). Therefore, scholars and practitioners alike need to consider the impact of China's rise and the cultural protocols for apologizing as important aspects of strategic management.

#### **3.1 Cumulative Abnormal Returns (CAR)**

Cumulative abnormal returns (CAR) is an event analysis method used by finance scholars to examine the impact of a variable on a firm's stock price by excluding confounding events that simultaneously impact on market prices (Brown & Warner, 1985). Markides (1992) estimated



CAR for a 2-day event window (-1 to 0), finding a significant positive impact from restructuring announcements. Wright, Kroll and Elenkov (2002) estimated CAR for two windows (-1 to 0 and -3 to 3) to analyze the impact of acquisition monitoring on CEO performance. Post-apology changes in stock prices are used as a proxy for apology effectiveness in this study, adopting a similar approach to the Brinke and Adams (2015) research linking apologizer facial expressions with stock performance.

In identifying the influence of corporate apology on stock price, it is necessary to consider the effect of overall stock market that may affect stock prices simultaneously. For each firm  $i$ , the cumulative abnormal returns of the apology announcement window ( $CAR\_EVENT$ ) are estimated using the following equation:

$$CAR\_EVENT_i = \sum_{t=-1}^4 [R_{it} - E(R_{it})] \quad (1)$$

where, for firm  $i$ ,  $CAR\_EVENT$  is cumulative abnormal returns over the windows  $[-1,4]$  in trading days;  $R_{it}$  is firm  $i$ 's stock return on day  $t$  ( $t = 0$  is the announcement date of corporate apology);  $E(R_{it})$  is firm  $i$ 's expected stock return based on the ordinary least squares (OLS) market model on day  $t$ .

Employing Sharpe (1964) and Lintner (1965)'s Capital Asset Pricing Model (CAPM) model, we estimate firm  $i$ 's expected stock return on day  $t$  ( $E(R_{it})$ ) using the OLS regression set forth below. CAPM offers a means to estimate returns based on market sensitivity, and is a "common practice in many areas of financial economics" (Malloch, Philip & Satchell, 2016). Buchner (2016) used CAPM to support the superior performance of private versus public investment.

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \quad (2)$$

where,  $R_{it}$  is firm  $i$ 's stock return on day  $t$  ( $t = 0$  is the announcement date of corporate apology);  $R_{mt}$  is the value-weighted average return of all the stocks traded on the U.S. Stock Exchange on day  $t$ .  $R_{it}$  is regressed on  $R_{mt}$  in the estimation windows  $[-140, -20]$  in trading days. For each apology case, we require at least 30-day observations for estimating parameters over the windows  $[-140, -20]$  in trading days.

### 3.2 Dataset

The archival dataset for this study was systematically compiled to reflect instances of corporate apologizing from the zeitgeist using archival sources such as Google (U.S.) and Baidu (China), identifying corporate responses processed by consumers as apologies for violations that relate to both competence (performance, knowledge) and integrity (norms, values). For each transgression, the date on which a corresponding apology was first issued was recorded.

Chinese apology texts not made available in English by either the issuer or a third-party website were translated by Google Translate into pinyin and English. Word counts were recorded based on the English versions. An acknowledged limitation of this study is the reliance on primarily English-language archival sources, a potential threat of selection bias. To address this threat, parallel searches were conducted on Baidu.com, and Chinese company names from the S&P/CITIC China 30 Index were also searched individually (along with “apology” and “company”) on Google. The uncovered incidents are also aligned with the dissertation author’s own experiences living in China for more than a decade, although admittedly these experiences were processed via an expatriate lens.

### 3.3 Transgression Identification Process

Organizational transgressions were systematically identified and recorded in a master spreadsheet via the processes listed below. The master spreadsheet is attached hereto as Appendix B.

1. Google searches for “apology” and “company” on March 31, 2015, July 2015, December 2015, and June 7, 2016. The top 30 results substantively referring to an allegation of malfeasance arising in the U.S. or China against a publicly listed U.S. or Chinese company with an international presence (facilities and assets in two or more countries) that gave rise to the call for a public apology were recorded in an Excel spreadsheet. For each allegation, data was collected as to the specific allegation, transgression type (integrity or competence violation), source of identification (weblink), transgression location, company headquarter (U.S. or China), transgression date, date of apology (if applicable), source of apology, issuer of apology, gender of issuer, and format of apology. The text of the actual apology was also be recorded, if available. If the content of a particular search result made side-reference to another organizational apology not previously recorded, that apology was also recorded.
2. Google searches for “apology” and “company” and “China” on March 31, 2015, July 2015, December 2015, and June 7, 2016.
3. Baidu searches for the Chinese translations for “apology” ((致歉 - Zhìqiàn, or 道歉 - Dàoqiàn) and “company” (公司 - Gōngsī) in July 2015.
4. Google searches in July 2016 using the same terms set forth in (1) and (2) above but also incorporating the Industry Classification Benchmarks (ICB) for ten industry categories. The first two transgression events for each such company not previously identified in the

- spreadsheet that appear in the first one hundred search results were recorded, if available.
5. Google searches in July, 2016 using the same terms set forth in (1) and (2) above but also incorporating each company name (and/or commonly used abbreviation or nickname thereof) appearing in the DOW 30 and S&P/CITIC China 30 Index (broadly representing China's "blue chip" companies). The first two transgression events for each such company not previously identified in the spreadsheet that appear among the top one hundred search results were recorded, if available.
  6. A search of *New York Times* article on June 7, 2016 and blog reports using the same terms as set forth in (1) and (2) above to identify any transgressions giving rise to the call for a public apology by a U.S. or Chinese corporations within the most recent calendar year not previously recorded in the spreadsheet.
  7. Lists and/or rankings of corporate apologies published online by mass media (e.g., *Fortune* and *Business Week*) since calendar year 2010 during March, July, and December of 2015. These lists were identified via Google using terms such as "apology", "best", "good", "worst", "ranking", "list", "company", "magazine", "business", "company", and/or "mea culpa", et cetera. All organizational apologies not previously recorded in the spreadsheet were identified.

### **3.4 Typology Coding**

Transgressions were categorized as either integrity or competence incidents based on the data compiler's face assessment. A subsequent extension of this study is contemplated to allow for at least three academic researchers to independently code the transgressions and thereafter exclude any disputed categorizations from analysis.

### 3.5 Control Variables

We control for firm size (*SIZE*), return on assets (*ROA*), and leverage (*LEVER*), which could affect cumulative abnormal returns over the windows [-1,4] in trading days (*CAR\_EVENT*). An additional control variable was the cumulative abnormal return over the windows [-14,-2] in trading days (*CAR\_PRE*).

## 4 Results

The statistical findings reported in this section are based on a 0.05 level, two-tailed test unless otherwise indicated. Significant results are highlighted in bold font. The definitions of variables are described in Appendix C. In order to taking a consideration of potential heteroscedasticity, heteroscedasticity-consistent standard errors clustered at the firm level are employed in the regression. Standard errors are robust to both clustering at the firm level and heteroscedasticity. Degrees of freedom were calculated as (number of observations - number of explanatory variables – 1).

### 4.1 Descriptive Statistics

Table 5 below sets forth the descriptive statistics. A mean sample firm has -0.009 in *CAR\_EVENT* (25<sup>th</sup> percentile: -0.02 and 75<sup>th</sup> percentile: 0.012). The standard deviation of *CAR\_EVENT* is 0.048 (T-value: -1.9209). Hypothesis 1 was fully supported by these results, as the overall impact of apology on stock price was significantly negative. Unexpectedly, the results showed a nonsignificant positive impact on earnings from apologies issued for competence violations. However, the overall aggregate impact of the apologies was still significantly negative.

**TABLE 4****Univariate Statistics for Sample Firms during 1982-2015**

Number of obs = 102

<i>Variable</i>	<i>25th Percentile</i>	<i>Mean</i>	<i>Median</i>	<i>75th Percentile</i>	<i>Std. Dev</i>
<i>CAR_EVENT</i>	-0.020	-0.009	0.000	0.012	0.048
<i>TYPE</i>	0.000	0.637	1.000	1.000	0.483
<i>CAR_PRE</i>	-0.029	-0.004	-0.001	0.031	0.072
<i>SIZE</i>	8.594	9.567	9.562	10.898	2.029
<i>ROA</i>	0.120	0.173	0.174	0.228	0.124
<i>LEVER</i>	0.048	0.212	0.141	0.276	0.381

**4.2 Correlation Analysis**

Table 5 below presents the correlations among our sample variables. The correlation coefficient between type of corporate apology (*TYPE*) and cumulative abnormal returns for event period (*CAR\_EVENT*) is significant and negative (-0.1949). Thus, Hypothesis 2 was supported, with apologies for competence violations less negatively impacting subsequent stock performance than those for integrity violations.

**TABLE 5****Correlation Matrix for Sample Firms during 1982-2015**

	<i>CAR_EVENT</i>	<i>TYPE</i>	<i>CAR_PRE</i>	<i>SIZE</i>	<i>ROA</i>	<i>LEVER</i>
<i>CAR_EVENT</i>	1.0000					
<i>TYPE</i>	<b>-0.1949</b>	1.0000				
<i>CAR_PRE</i>	<b>0.2066</b>	0.1095	1.0000			
<i>SIZE</i>	0.1104	-0.0668	0.1721	1.0000		
<i>ROA</i>	-0.1625	0.1022	-0.1928	0.0392	1.0000	
<i>LEVER</i>	-0.1093	0.0167	0.0130	0.0742	0.0742	1.0000

**4.3 Industry Effects**

In Table 6 below, *CAR\_EVENT* of each industry sector is reported. We created 10 industry sectors that are matched by SIC codes: mining, constructions, manufacturing,

transportation, wholesale trade, retail trade, finance, services, public administration, and non-classifiable. One finding of interest was that firms in the retail trade sector realized a significant and negative CAR (-0.0132), whereas firms in manufacturing industry realized a non-significantly positive CAR (0.0047); this difference plausibly arises from the more frequent customer engagements in the retail business versus manufacturing.

**TABLE 6**  
**Cumulative Abnormal Returns [-1,4] by Industry Sector**

Industry Sector	Obs	Mean	T-value	95% Confidence Interval	
<i>Mining</i>	1	0.0134			
<i>Construction</i>	0				
<i>Manufacturing</i>	38	0.0047	1.0029	-0.0048	0.0142
<i>Transportation</i>	13	-0.0144	-1.5977	-0.0341	0.0052
<i>Wholesale trade</i>	0				
<i>Retail trade</i>	25	-0.0132	-2.2380	-0.0255	-0.0010
<i>Finance</i>	5	0.0046	0.3867	-0.0287	0.0380
<i>Services</i>	19	-0.0326	-1.5981	-0.0756	0.0102
<i>Public Administration</i>	0				
<i>Non-Classifiable</i>	1	-0.0024			
Total	102	-0.0091	-1.9209	-0.0184	0.0002

#### 4.4 Typology

Table 7 below sets forth our results. The 65 apologies issued in response to perceived integrity violations led to a significantly more negative impact on CAR than did the 37 apologies in response to competence violations, supporting Hypothesis 2. The 65 integrity cases had a 1.6% (-0.0160) negative impact, while the 37 competence cases had a non-significant 0.31% (0.0031) positive impact.

**TABLE 7**  
**Cumulative Abnormal Returns [-1,4] by Typology**

<i>Panel A. Type of Apology</i>				
Group	Obs	Mean	T-value	Standard Deviation
Competence	37	0.0031	0.5652	0.0344
Integrity	65	-0.0160	-3.1497	0.0529
<b>Difference (Competence - Integrity)</b>		<b>0.0191</b>	<b>1.9873</b>	

## 5 Discussion

Our empirical analysis of 102 U.S. and Chinese corporate apologies between 1982 and 2015 based on post-event Cumulative Abnormal Returns (CAR) reveals that corporate apologies significantly impact U.S. market performance. The events were all organizational responses to perceived transgressions that plausibly reflected a crisis (or near-crisis), and our findings therefore align with existing literature showing a negative market response to crisis events (Capelle-Blancard & Laguna, 2010). Unexpectedly, the apologies issued in response to competence violations were found to have a positive but nonsignificant impact on market performance. The latter finding suggests that apologies are capable of more than just damage control, and may plausibly enhance consumer perceptions of competence based on the delivery of a felicitous apology. It was also found that the retail trade sector experienced more negative market reactions to their apologies than did the manufacturing sector, suggesting that the level of customer interaction within an industry mediates the market impact of an organizational apology.

Apologies issued for ethical lapses of integrity led to more negative market reactions than did apologies for competence violations, in line with extant research findings that integrity violations are more difficult to repair. A plausible explanation is that integrity offenses are less



amenable to an easy fix and cannot be repaired with a simple price adjustment, product update, or similar performance adjustment. While Tucker found in 2006 that apologies can have restorative powers, all forms of damage are not equal and some offenses appear to be harder for corporations to recover from.

Certain limitations with regard to the utilized research method are acknowledged, including the dataset's primary reliance on English-language searches and U.S.-based archives. Only initial apology issuances were analyzed, and consideration of subsequent (repeat) apologies may have impacted our results. Mortality is another acknowledged threat to validity, as older events were less likely to appear in Google's search results. Lastly, transgression severity was not controlled for as a variable, and could also have impacted our findings.

## ESSAY 2: ORGANIZATIONAL APOLOGIES

### 1 Introduction

While today's world has been coined by some management scholars as the "Age of Apology" (Johnson, 2014), and evidence suggests that organizational apologies are crucial aspects of rebuilding and maintaining business relationships (Kim et al., 2004), other researchers have criticized the apparent uptick in apologizing and called on business and political leaders to impose an "apology ceasefire" (Ember, 2014). The readiness to apologize for a mishap has been suggested as a cause of America's perceived cultural decline (Slansky & Sorkin, 2007), and a historian opined in a 2004 *Washington Post* article, "the currency of penitence has been hyperinflated and has lost almost all of its value" (Judt, 2004). Frequent apology-making thus appears to be an aspect of the current "general intellectual, moral, and cultural climate of an era", the Merriam-Webster definition of 'zeitgeist' (2017).

Findings from Essay 1 suggest that bungled apologies tend to have a significant negative impact on market performance, whereas felicitous apologies can actually have a nonsignificant positive impact. Realizing the salience of apologizing in the zeitgeist, and the impact of apologies on investment return, it would appear strategically advantageous for practitioners engaged in global commerce to acquire a deeper understanding of the phenomenon. Although apologies are now expected by consumers following a product or service miscue (Salvador, Folger, & Priesemuth, 2012), extant research tends to assume that organizational apologies “must have exactly the same features that we expect private apologies” (KoeHN, 2013, page 242) and there is scant literature on the impact of culture on apologizing (Ren & Gray, 2009). Based on the foregoing limitations in the existing literature, it is plausible to suggest that analysis of organizational apologies based on traditional paradigms may lead to faulty conclusions. For example, an Apple apology issued to Chinese consumers for a product defect may have stark differences from an Apple apology issued to US consumers for a similar issue. Likewise, a mea culpa issued by Apple’s CEO to another natural person is also likely to differ from those she or he relays on behalf of the company. The following research question must therefore be answered in order to generate a plausible explanation of the organizational apology process:

*Research Question: What is an organizational apology?*

Following this introduction in Section 1, the methodology employed to select, summarize and analyze the apology cases is presented in Section 2. In Section 3, the apology case summaries are set forth in their entirety. Findings from the four-stage analysis of apology cases are then presented in Section 4 (based on chronology, word counts, elements, and typology), and

a model of organizational apologies is proposed. Lastly, Section 5 discusses the key findings from Essay 2 and proposed a metaphorical conceptualization of corporations as legal fictions.

## **2 Methodology**

### **2.1 Overview**

A grounded theory approach was utilized to qualitatively examine organizational responses to a perceived transgression giving rise to the call for a public apology. As used herein, an “apology” refers to a textual record of an organization’s external communication in response to an alleged transgression that is processed by consumers as a mea culpa, according to research of publicly-available media, blog, and academic reports. Throughout the apology corpus analysis process, existing theories intersecting with organizational apologies were reviewed and assessed.

The reviewed transgression records and apology texts are classified as archival data. The dataset was restricted to corporations headquartered in the U.S. or China for transgressions arising in the U.S. or China because these nations comprise the two largest world economies yet are distant from each other in terms of geography, language, and culture. The researcher lived in China for more than ten years and speaks conversationally fluent Mandarin, making China more practical as a research focus and potentially yielding deeper conceptual insights. According to the IMF, China has already surpassed the U.S. to become the world’s largest economy based on purchasing power parity (Carter, 2014). Therefore, scholars and practitioners alike need to consider the impact of China’s rise and the cultural protocols for apologizing on firm internationalization strategy.

By engaging in several different approaches to gather apology texts, the researcher aimed to broaden the range of data, reduce any bias effect from a particular source or date of inquiry,

and capture transgression instances more reflective of the zeitgeist. Chinese apology texts not made available in English by either the issuer or a third-party website were translated by Google Translate into pinyin and English. Word counts were recorded based on the English versions. An acknowledged limitation of this study is the reliance on primarily English-language archival sources, a potential threat of selection bias. To address this threat, parallel searches were conducted on Baidu.com, and Chinese company names from the S&P/CITIC China 30 Index were also searched individually (along with “apology” and “company”) on Google. The uncovered incidents are also aligned with the researcher’s own experiences living in China for more than a decade, although admittedly these experiences were processed via an expatriate lens.

## **2.2 Organizational Transgressions**

Organizational transgressions were systematically identified from archival sources and recorded in the master spreadsheet attached hereto as Appendix B via the process identified in Section 3.3 of Essay 1 above.

## **2.3 Event Selection Process**

Of the 187 transgressions in the archival dataset, only 60 were found to quote or link to the entirety of the first organizational communication processed by consumers as an apology. Thirty of the foregoing communications were then randomly selected via the Random.org website, a true random number generator with 5,790 Google Scholar citations as of March 29, 2017. Screen captures of the selection process are attached hereto as Appendix D. Because the 30 selected communications included only four Chinese company cases, the remaining five non-selected Chinese cases from the initial 60 were all purposefully added for textual analysis. One of the initial randomly selected cases – Sanlu Group (Melamine milk scandal) – was removed, as

the Chinese company issuing the communication at issue was not publicly-listed at the time of the incident.

Following the procedures outlined above, the 34 cases set forth in Table 8 below were selected for textual analysis. For the 11 company statements issued within China in the Chinese language, English translations provided by either the company or media were reviewed if available. If unavailable, the original Chinese characters were translated into English via Google Translate and also reviewed by the researcher in Hanyu Pinyin, the official Chinese Romanization system. The coding spreadsheet is attached hereto as Appendix E.

A four-stage process was utilized to review and subsequently order the 34 selected cases. Using Excel, the researcher first organized the cases based on chronological order, from earliest to most recent. Next, cases were sorted based on total word counts. As a third step the cases were re-ordered based on the number and combination of textual elements utilized. Lastly, the cases were organized based on whether they were proactive or reactive. For each of the foregoing stages, the apology texts were also grouped by nationality headquarters and event of occurrence (US or China) for analysis.

Table 8

**Apology Summaries: 34 Cases**

<b>#</b>	<b><u>Incident</u></b>	<b><u>Company</u></b>	<b><u>HQ</u></b>	<b><u>Event</u></b>	<b><u>Year</u></b>	<b><u>Response</u></b>
1	Refinery Fire	Chevron	US	US	2012	Proactive
2	WeChat Censoring	Tencent	China	US	2013	Proactive
3	Mayflower	ExxonMobil	US	US	2013	Proactive
4	TaoBao MLK	Alibaba	China	China	2013	Proactive
5	Irish Xmas	Bed Bath & B.	US	US	2014	Proactive
6	Pizza as Apology	Chevron	US	US	2014	Proactive
7	Armenians/Flag	Starbucks	US	US	2015	Proactive
8	Lolita Advert	Alibaba	China	China	2015	Proactive
9	Tony Hawks 5	ATVI	US	US	2015	Proactive
10	Delivery Stumbles	Ebay	US	US	09/12	Proactive
11	NE Power Outage	Comcast	US	US	2016	Proactive
12	BAE Intern	Microsoft	US	US	2016	Proactive

13	Racist TV Hack	Charter	US	US	2016	Proactive
14	Valdez Oil Spill	ExxonMobil	US	US	1989	Reactive
15	Union Billboard	CSX	US	US	2002	Reactive
16	JX Online	Kingsoft	China	China	2003	Reactive
17	Slavery Policies	JP Morgan	US	US	2005	Reactive
18	Warcraft Servers	The9 Limited	China	China	2007	Reactive
19	Sprinter Ad	Intel	US	US	2007	Reactive
20	iPhone Price Drop	Apple	US	US	2007	Reactive
21	Marvel Tea Party	Disney	US	US	2010	Reactive
22	Fairy Biography	The9 Limited	China	China	2010	Reactive
23	IM Dispute	Tencent	China	China	2010	Reactive
24	Repair Policies	Apple	US	China	2013	Reactive
25	Blue Screen	Kingsoft	China	China	2013	Reactive
26	"Deaf & Dumb"	Amer. Airlines	US	US	2014	Reactive
27	Hybrid Products	Western Digital	US	US	2014	Reactive
28	GamerGate	Intel	US	US	2014	Reactive
29	US Flags on MLK	Tencent	China	China	2015	Reactive
30	TurboTax Pricing	Intuit, Inc.	US	China	2015	Reactive
31	Superfish	Lenovo	China	US	2015	Reactive
32	AI Statements	Baidu	China	China	2015	Reactive
33	False Grizzly Data	Amgen	US	US	2015	Reactive
34	Lightroom Launch	Adobe	US	US	2015	Reactive

## 2.4 Coding of Texts

The researcher reviewed each of the 34 company statements and identified four broad classifications of speech based on their perceived purpose: definition of issue, allocation of responsibility, conveyance of contrition, and remediating actions. Speech that appeared to define the issue or transgression at hand was highlighted in yellow, speech that defined or allocated responsibility for the transgression were highlighted in purple, speech suggestive of an explicit apology (“apologize”, “sorry”, “regret”, etc.) were highlighted in red, and speech pertaining to how the issue or transgression would be remedied was highlighted in green. The highlighted apology texts are attached hereto as Appendix F, with the original font and formatting preserved when possible.

Following the highlighting step outlined above, columns were added to the coding spreadsheet to identify 17 commonly utilized textual elements in the apology texts: explicit

statements of contrition, assurances of non-recurrence, explanations, responsibility acknowledgements, named issuer, bracketing, customer references, values statements, excuses, compensation offers, denials, justifications, government/nation references, self-punishment, empathy expressions, and attacks. Three additional sub-elements relating to statements of contrition were also identified: positive contrition modifiers, contrition in passive voice, and usage of contrasting/conditional signal words.

## **2.5 Incident Summaries**

Summaries were drafted for each of the 34 events describing the transgression at issue and the company's response, focusing on the initial apologetic statement identified via the process outlined in Section 2.3 above. A brief analysis of each incident follows, along with a rationale for its categorization as either an integrity or competence offense and proactive versus reactive approach. Textual analysis of the apology texts and summaries suggested that speed and decisiveness were considered to be the hallmarks of proactivity, while slowness and indecisiveness were hallmarks of reactivity. Because statements issued 10 or more days after an incident arose were generally considered slow, the researcher used 10 days as a time marker to categorize the 34 texts as either reactive or proactive. The statements meeting this time threshold were then reviewed for inclusion of any excuses, denials, justifications, or attacks, which emerged as examples of indecisiveness. If any of the foregoing indecisive elements appeared in the texts, the response was categorized as reactive.

It is acknowledged that the Tylenol tampering response from Johnson & Johnson in 1982, frequently cited as a positive example of a proactive apology (e.g., Kellerman, 2006; Williams & Treadaway, 1992), would not meet the researcher's proactive time marker. In that case, CEO Burke expressed "heartfelt sympathy" (IAETA, 2011) twenty-two days after purportedly



becoming aware of the product tampering problem on September 20, 1982 (Pauly & Hutchinson, 2005). However, other media reports suggest that the company was not made aware of the link between Tylenol and the deaths until sometime after September 28, 1982 (Rehak, 2002), and public perceptions of speediness were likely lesser in pre-digital age 1982. By 1989, the 10 day delay between the Exxon *Valdez* oil spill and the CEO's mea culpa was perceived as slow (Holusha, 1989).

## **2.6 Neutral Stance**

This study avoids taking a proscriptive or critical stance with regard to specific transgressions and/or corporate responses thereto. An ideological stance on alleged corporate malfeasance is arguably subject to cultural bias and may fail to disentangle multiple levels of culpability within the corporate entity. For example, the criticism by Hearit (2006) of lawsuits filed against a fast food company for misleading consumers about the health consequences of oversized portions is framed as an “outrageous lawsuit” (page 43), a perspective shared by the author and likely the vast majority of the public at present. However, common sentiments with regard to litigation over misleading cigarette advertisements were also derided several decades ago, yet evolved to become an acceptable means to compensate both individuals and state governments for the health consequences of nicotine addiction. The evolution of public opinion on cigarette-related litigation was likely impacted by the statements of seven tobacco company CEOs in 1994 that nicotine was not addictive, while simultaneously expressing a desire for their own children not to smoke (Hilts, 1994). Thus, increasing awareness of health risks and a mistrust of executive motivations arising from an apparent contradiction between corporate and individual-level speech led to a change in public perceptions.

Opinion-based conclusions, no matter how unassailable they appear on issuance, are subject to shifts in the zeitgeist and are also influenced by cultural background. What is considered appropriate organizational conduct or speech in the U.S. under contemporary norms and values may differ significantly from notions of proper behavior in Brazil, China, Turkey, or Sweden. While transgressions involving serious injury or death have an obvious moral dimension irrespective of national borders, this study endeavors to objectively analyze organizational apology-making from the lens of the organization as a strategic reaction to a perceived offense threatening its legitimacy with consumers in more than one national market.

### **3 Event Summaries**

#### **3.1 Refinery Fire: Chevron**

On August 6, 2012 a fire occurred at Chevron's Richmond, Virginia refinery. While the fire did not result in loss of life, just two days later more than 500 residents complained with "boos, hisses, and shouts" during a town hall about health concerns over the large plume of smoke that was emitted (Lau, 2012). More than 4,000 people were purported to have sought medical care because of the fire (Elias, 2012). Chevron Corporation is the second largest energy company in the world (Chevron, 2017). It was established in 1879 as Pacific Coast Oil Co. of California, and later consolidated into Standard Oil (Chevron, 2017). In 1911, it was forcibly split into a separate company under the Sherman Antitrust Act (Chevron, 2017). Chevron merged with Texaco in 2001 and acquired Unocal Corp. in 2005 (Chevron, 2017).

On August 6, 2012 Chevron's General Information Hotline orally pronounced a recorded statement to residents of Richmond, California about the fire. The 105 word statement is transcribed below:

**Hello, this is the Chevron general information hotline for Richmond, California, for Monday, August 6, at 11:30 p.m. We would like to again apologize to the community for the fire and smoke that occurred this evening at our Richmond refinery. The fire began at approximately 6:30 in our number four crude unit. At this time, the fire is fully contained, and the shelter-in-place warning has been lifted by the Contra Costa Health Services Department. We are working closely with local, state and federal government agencies, who are on site to determine the exact cause of the incident and to address any current issues and concerns.** (McLaughlin & Soto, 2012).

Chevron's statement acknowledged the offense (fire and smoke), directly apologized to affected local residents, and gave more details about the incident. It also purported that the company would investigate the incident further and, more vaguely, "address any current issues or concerns" (McLaughlin & Soto, 2012). Although there was no explicit offer of compensation, it was potentially implied by the declaration that Chevron would "address any current issues and concerns" (McLaughlin & Soto, 2012).

Two days later at the Town Hall, the refinery General Manager Nigel Hearne also apologized, stating in person that "I take full responsibility for the incident that occurred yesterday, and I offer my sincerest apologies" (Lau, 2012). Chevron later agreed to cover "all appropriate and reasonable expenses" for the affected individuals, according to spokesperson Sean Comey (Elias, 2012). It was also posited that Chevron had already begun processing medical claims (Elias, 2012). Because the August 6, 2012 response from Chevron was issued in less than ten days and did not include any scapegoating elements, it is classified as proactive.

The refinery incident arose from an industrial accident rather than any ethical breach, and is thus characterized as a competence violation.

### **3.2 WeChat Censoring: Tencent**

Tencent, the operator of WeChat, is a media and technology holding company founded in 1998 (Tencent, 2017). Based in Shenzhen, China, its current market value is in excess of \$200 billion (Russell, 2017). On or about January 10, 2013 (Wetherell, 2013) the WeChat application came became the subject of negative media scrutiny because certain search terms that are sensitive within China such as “falun gong” were found to also be censored for users of the app located outside the People’s Republic of China (Chen, 2013). On January 11, 2013 Tencent issued a press release to multiple media outlets concerning this incident (e.g., Ong, 2013). The 56-word statement is given below:

**A small number of WeChat international users were not able to send certain messages due to a technical glitch this Thursday. Immediate actions have been taken to rectify it. We apologize for any inconvenience it has caused to our users. We will continue to improve the product features and technological support to provide better user experience.** (Ong, 2013).

The transgression being addressed is not clearly explained, but given that the statement was directly issued to websites in relation to the international censorship issue (Ong, 2013) it clearly refers to the WeChat matter. Censorship functions that were enabled outside China’s borders are categorized as a “technical glitch” applying to “certain messages”, and harm incurred by impacted users described as an “inconvenience” (Ong, 2013). References to “international users” address the affected customers (Ong, 2013).

The censorship functionality at issue appears to have only been mistakenly enabled overseas, representing a type of “technical glitch” as described by Tencent (Ong, 2013). However, had Tencent clearly described the glitch itself, mainland Chinese users of the app (core customers) may also have been offended. While censorship and limitations on data privacy in China are firmly entrenched and perhaps therefore accepted and expected by Chinese consumers (such as the ‘Great Firewall’, which limits access to popular U.S. applications by Google and Facebook), direct acknowledgement of a double standard with regard to content open to search may have been problematic for Tencent. In this regard, the criticism of the company for weaknesses in overseas product localization is perhaps misapplied. Notwithstanding the foregoing, a lack of sensitivity to international differences in culture has been blamed by some technology bloggers as a reason for WeChat’s international expansion problems (Custer, 2016; Chen, 2013).

Because this incident related to the perceived unethical censorship and/or data privacy violation by U.S. customers, it is best characterized as an integrity violation notwithstanding Tencent’s labelling of it as a “technical glitch” (Ong, 2013). The response from Tencent was issued just two days after censorship concerns were first reported, and was devoid of scapegoating elements; it is thus characterized as proactive.

### **3.3 Mayflower: ExxonMobil Corporation**

Exxon and Mobil were separate entities established in 1911 after the U.S. Supreme Court divested Standard Oil as an illegal monopoly, with Mobil based in New York and Exxon based in New Jersey (ExxonMobil, 2017). The two companies were reunited by merger in 1999 (ExxonMobil, 2017). In late March of 2013 an ExxonMobil oil pipeline in Mayflower, Arkansas ruptured, thereby spilling oil piped in from Canada. While initial media reports in 2013

referenced a spill of 5,000 gallons (UPI, 2013), subsequent reports in 2015 cited a spill of 134,000 gallons (Atkin, 2015). State and federal lawsuits over the spill were settled in 2015 for \$5 million (Atkin, 2015). ExxonMobil is a Texas-based energy company formed by the merger of Mobil and Exxon in 1999, and is presently the 7th largest publicly traded company in the world based on market value (ExxonMobil, 2017).

On March 30, 2013 Incident Commander Weesner from ExxonMobil's pipeline division penned a 396-word letter to members of the affected community in Arkansas about the oil spill. The letter, addressed to "Resident", stated:

**We sincerely regret that this incident has occurred and want to apologize again for any disruption and inconvenience that it has caused.** (City of Mayflower, 2013).

The letter specified the company's ongoing efforts to respond to the environmental aspects of the crisis (e.g., measuring air quality), and included a special contact phone number for a police escort into the secured area. It was posited that the company would "restore your community as quickly and safely as possible" by working "24 hours a day", and concluded with a second iteration of an explicit apology for "the disruption in your community" (City of Mayflower, 2013).

Commander Weesner's apology on behalf of ExxonMobil was contrite and detailed, representing just one step in a series of communications issued during the post-incident campaign. The detailed precision of this response, and terminology used therein (e.g., the incident overseer's title of "Commander" and reference to police escorts), was suggestive of a staged military-like approach to combat negative reputational impact. Since the pipeline rupture appears to have been accidental, this incident is best characterized as a competence violation.

The response from ExxonMobil was issued within ten days of the spill and did not include any scapegoating elements, so is thus classified as proactive.

### 3.4 Taobao MLK: Alibaba.com

Alibaba was founded by Jack Ma in 1999 in Hangzhou, China, and is now one of the world's largest technology companies (Nicholson, 2015). As part of an advertising campaign for a special sales event in December 2013, Alibaba-owned online retailer Taobao posted advertisements which included an image of U.S. civil rights icon Martin Luther King, Jr. (Bischoff, 2013). Negative social media comments emerged on December 5, 2013 (Nelson, 2013) criticizing the use of the King image for something unrelated to its sales event and generally of "poor taste" as expressed in the screen capture below (Nelson, 2013). One media commentator suggested that the Taobao marketing division may have been unaware that the commercial usage of King's image is a "cultural taboo" (Bischoff, 2013). Figure 1 below sets forth a screenshot of one of the "taboo" images (Bischoff, 2013).

**Figure 1: Taobao Advertisement Screenshot**



On December 6, 2013, a 27-word statement was issued by the Head of International Corporate Affairs for Taobao (Florence Shih) to the media over this incident as follows:

**We deeply regret the cultural insensitivity and sincerely apologize to anyone who was offended; we have taken swift action to remove this advertisement immediately from all websites.** (Bischoff, 2013)

The statement from Taobao was very brief but did offer an explicit apology (“sincerely apologize”) as well as statement of regret (“deeply regret”) (Bischoff, 2013). The desire to avoid reoffending as well as prompt remedial action were relayed via the second clause in the statement “we have taken swift action to remove this advertisement immediately from all websites”, as “have taken” is in past perfect verb tense (Bischoff, 2013). The apology was aimed at anyone who “was offended” (Bischoff, 2013), and thus did not clearly acknowledge any wrongdoing.

Another noteworthy aspect of Taobao’s response is the issuance by the head of international corporate affairs for the company, rather than a communications or marketing spokesperson (as are most U.S. apologies). This incident was in part the result of insensitivity towards a non-Chinese matter (Martin Luther King), which some Taobao employees based in China may not have been familiar with, and the involvement of the international-focused manager likely sprung from a desire to avoid further exacerbating the situation (especially with regard to overseas stakeholders).

The immediate removal of the advertisement across Taobao’s (and partners) entire suite of websites likely involved significant efforts on the part of Alibaba, especially as the media statement indicated such action took place in a single day after the controversy had already gone viral on social media. Taobao’s statement did not clearly acknowledge any wrongdoing – evidenced by the wording of “the cultural insensitivity” (emphasis added) and targeting towards “anyone who was offended” only – which may have weakened its effectiveness.



The apology by Taobao was not issued via a general communications or advertising spokesperson (or executive-level officer) but rather the head of international corporate affairs. The latter suggests that Taobao (and parent Alibaba) were more focused on potentially offending stakeholders outside China's borders, at least with regard to non-China culture based offenses. Because this incident arose from a cultural insensitivity issue, it is best characterized as an integrity offense relating to community sensitivity. The December 6, 2013 response from Taobao was issued within ten days and did not incorporate any scapegoating elements, so it is classified as proactive.

### **3.5 Irish Xmas: Bed, Bath & Beyond**

Bed Bath & Beyond, founded in 1971, is a US-based retail chain with more than 60,000 employees worldwide (Forbes, 2017a). During the pre-holiday shopping season of 2014, retailer Bed Bath & Beyond offered items for sale in its 'Christmas Tree Shops' that made references to Irish culture interpreted by some members of the Irish-American community as derogatory, such as:

- **A beer glass printed with the logo "I'll Be Irish in a few Beers".**
- **A set of green suspenders with two shot glasses attached emblazoned with "Irish for the Day".**
- **A "St Patrick's Countdown Calendar Spinner Party Game" which features a game wheel which when spun lands on slots advising the player to have from one to several drinks. This particular item succeeds in being egregious on two fronts: it not only defames Irish Americans but encourages binge drinking. The Bed, Bath & Beyond buyer who selected**

**this item should be brought to special notice for poor judgment and bad taste.** (Cosgrove, 2015)

The Anti-Defamation Chairman of the U.S.-based Ancient Order of Hiberians, an Irish-Catholic organization, expressed outrage over the above items in a January 15, 2014 letter (Cosgrove, 2015). In the 600+ word letter, Chairman Cosgrove demanded that the offending items be removed and further, “a statement and public apology from the board be issued to all Irish Americans and placed prominently on you Web site.”

On January 23, 2014 Bed Bath & Beyond Customer Service Manager Raj Chandan issued a response to Chairman Cosgrove concerning his January 15, 2014 letter as follows, which was published by the media (O’Doherty, 2014):

**Be assured that Bed Bath & Beyond meant no disrespect to your organization, nor to others of Irish heritage, and we apologize. We have instructed our stores to remove from sale those items identified by you. We have taken the additional step of asking our buyers to be vigilant with subsequent orders to avoid this issue in the future.** (O’Doherty, 2014).

Although the three-sentence long, 59-word response was not issued from the company’s board or prominently featured on its website as requested, the statement clearly apologized to the complaining organization and broader Irish community. It also indicated that the offending items would be removed from store shelves, and further declared an intention to use more vigilance with regard to future product orders. Since Cosgrove had previously made his organization’s letter available to the media and engaged in interviews (O’Doherty, 2014) it was reasonably foreseeable that Bed Bath & Beyond considered the statement to be a public communication. This conclusion is supported by the statement’s reference to “others of Irish

heritage” outside of the Irish-Catholic organization, although no other organizations were issued a letter.

The issues surrounding this controversy pertain to the feelings of a particular community group (i.e., those of Irish heritage) and negative stereotypes. Thus, the incident is best categorized as an integrity offense relating to community sensitivity. The allegedly hurtful communications featured on or within the products at issue were intended by the company to promote and increase the sale of Christmas items, but instead led to a negative reaction from one segment of its customers. The clear statement of apology coupled with additional measures to avoid re-offending led to Cosgrove thanking the company for its action and sincerity, while opining that it should still consider posting the apology on its website (O’Doherty, 2014). However, some internet bloggers criticized Bed Bath & Beyond’s response as a negative example of “political correctness” (MisFitWisdom.com, 2014). Because the January 15, 2014 letter was issued eight days after the complaints were raised by Chairman Cosgrove, and did not feature any elements of scapegoating, it is classified as proactive.

### **3.6 Pizza as Apology: Chevron Corporation**

Chevron Corporation is the second largest energy company in the world (Chevron, 2017). It was established in 1879 as Pacific Coast Oil Co. of California, and later consolidated into Standard Oil (Chevron, 2017). In 1911, it was forcibly split into a separate company under the Sherman Antitrust Act (Chevron, 2017). Chevron merged with Texaco in 2001 and acquired Unocal Corp. in 2005 (Chevron, 2017). On February 11, 2014 a natural gas explosion occurred at a Chevron oil well in Bobtown, Pennsylvania, killing one of its workers at the site (Malloy & Morton, 2014). The resulting fire continued to burn for the next four days (Malloy & Morton, 2014).

On February 16, 2014 Chevron mailed a 157 word paper letter to Bobtown residents about the incident (Malloy & Morton, 2014). The letter offered recipients a free pizza and 2-liter drink as a compensation offer. The sender was identified as the Chevron Community Outreach Center (Ernst, 2014). It began with the salutation “Dear Neighbor,” and included a non-referenced coupon for a free pizza and drink as shown below in Figure 2 (Ernst, 2014):

**Figure 2: Chevron Pizza Gift Certificate**



No explicit statement of contrition was offered for the transgression; the only “sorry” was directed towards having “missed” the resident in a presumed prior communication (Ernst, 2014). Although Chevron stated that it “recognizes the effect this had on the community,” the fire was

only vaguely described as an “incident” without reference to the worker who died (Ernst, 2014). Therefore, there was no actual acknowledgement of the fire’s impact on the community. Further, the letter implicitly excused its role for the fire by noting that Chevron would “strive to achieve incident-free operations” (Ernst, 2014). Given that fracking and refinery operations are known to be inherently dangerous, it is likely impossible with current technology to avoid all accidents. Lastly, the letter closed with a vague declaration about the company’s intention to protect community stakeholders and the “environment”, but did not offer any concrete steps or measures to realize these objectives.

Because Chevron’s February 16, 2014 letter “recognized” a specific incident and thereafter offered compensation along with a declaration of shared values (protecting “neighbors”, environment, etc.) it can be plausibly interpreted as an implied apology. However, the insufficiency of the compensation and inappropriateness given loss of life, coupled with the letter’s failure to reference the worker who died, limited its effectiveness. Chevron’s letter was criticized as the “worst apology ever” on Twitter (Malloy & Morton, 2014) and ridiculed by Stephen Colbert on national television (Colaneri, 2014), among others. More than 11,000 affected Pennsylvania residents purportedly signed a petition requesting Chevron to apologize for its February 16, 2014 letter (Beans, 2014). Although this event did not appear to arise from any intentional conduct or ethical breach on the part of Chevron, the negative public outcry and subsequent petition for a separate apology suggests it is best characterized as an integrity offense. Because the February 16, 2014 letter was issued within 10 days of the accident and did not include any scapegoating elements, it is classified as proactive.

### **3.7 Armenians/Flag: Starbucks**

Based in Seattle, Washington, Starbucks is a coffeehouse retail chain founded in 1971 and ranks #93 among the top 100 global companies in terms of reputation (Reputation Institute, 2014). On February 28, 2015 one or more members of the Armenian-American community in Los Angeles noticed a poster in their local Starbucks that was offensive to them (Schreck, 2015). The poster featured women in tradition-style Armenian outfits under a Turkish flag (Schreck, 2015). A member of the ANCA organization complained about the posters on the organization's Facebook page.

Within hours of the complaint posted by ANCA on its Facebook page on February 28, 2015, Starbucks posted on responding comment on the ANCA page (ANCA, 2015). The comment of 73 words was anonymously provided under the name of the company, and began by thanking "all how raised this concern to us today" (ANCA, 2015). It acknowledged that the company had "missed the mark" in this case, and explicitly declared, "we apologize for upsetting our customers and the community" (ANCA, 2015). Starbucks stated that it had removed the "art" from one location in the LA area, and was "working to make this right" (ANCA, 2015). The note also referenced the company's core intention to be "locally relevant in all of our stores" (ANCA, 2015).

The posters at issue appear to have only appeared in one location. In this case, however, the localization strategy backfired, and Starbucks issued an explicit apology in which it acknowledged its mistake and referred to immediate remediating action (poster removal). The Facebook response from Starbucks was not sent under the name of a specific person, which might have improved its reception. Since this incident related to an issue of extreme sensitivity for the Armenian-American community, it is best characterized as an integrity violation.

Because Starbucks response was issued within 10 days of the incident's emergence and did not include any scapegoating language, it is classified as proactive.

### **3.8 Lolita Advert: Alibaba.com**

Alibaba was founded by Jack Ma in 1999 in Hangzhou, China, and is now one of the world's largest technology companies. The company posted a job advertisement on its China-based job board on April 29, 2015 for a programming position relating to the dingtalk messaging application at its Hangzhou, China offices (Sonnad, 2015). The advertisement stated that applicants should be "adequately stunning to programmers", and be "an open-minded Lolita like Sora Aoi" (a Japanese porn star) (Sonnad, 2015). Applications were also encouraged from those "possessing female beauty that exceeds nature itself", and were suggested not to Photoshop their photo in order to make it "too beautiful" (Sonnad, 2015). After much social media backlash to the language in the advertisement it was removed from the job board (Sonnad, 2015).

On May 1, 2015, Alibaba issued a statement to the media regarding this incident (Sonnad, 2015). The 28 word communication began by stating, "We apologize to anyone offended by this ad", and noted that it was "committed to providing equal opportunity and fair treatment to all employees on the basis of merit, without discrimination" (Sonnad, 2015). While the sexist language about lolitas and porn stars was removed, a similar position soon appeared on the Alibaba job board (Grenoble, 2015).

Although the nature of Alibaba's initial advertisement was crafted to be humorous and playful, presumably in line with the employee and customer base of the ding messaging app itself (as well as founder Jack Ma), the overt sexist language was also contrary to Alibaba's policy of equal opportunity. Worth noting is the reference to photos as part of the application package, which are generally not utilized in the U.S. for reasons of avoiding bias claims.

Alibaba's statement was qualified (limited) in that it was directed towards "anyone offended" rather than the entire community. Because this incident related to matters of perceived bias, it is best characterized as an integrity violation. Since it was issued within 10 days of the controversy erupting and did not include any scapegoating elements, it is classified as proactive.

### **3.9 Tony Hawks 5: ATVI**

Activision Blizzard Inc. is a Santa Monica, California based game and entertainment company formed by the merger of Blizzard Entertainment and Activision in 2008 (ATVI, 2017). The company launched a skateboarding game called Tony Hawks 5 on September 29, 2015 (Gravelle, 2015). The game was the fifth installment in the series bearing the name of an American professional skateboarder (Gravelle, 2015). The licensing arrangement between the skateboarder and Activision purportedly ran from 2008 to 2015 (Gravelle, 2015) and was nearing expiration. Some users reported technical problems with the product and the launch was characterized by one media source as a "complete disaster" (Koch, 2015).

A statement to the press was issued by Activision concerning the launch of Tony Hawk 5 on October 1, 2015. The Activision statement was comprised of just one sentence, as follows:

**We are aware of the issues that players have experienced following the launch of Tony Hawk's Pro Skater 5 and are working with the developer to address these so that we can continue to improve the gameplay experience for all of the Tony Hawk fans who have known and loved this franchise for more than 16 years.** (Gravelle, 2015).

The reference to awareness constituted an acknowledgement or responsibility for negative customer experiences with the product. The intention to resolve these negative experiences ("working with the developer") to make the game better was expressed, but no



explicit statement of contrition was offered. Although specific issues with the game were not mentioned in the press communication, media reports referenced an extremely large patch download of 7.7 GB, numerous glitches, and problems rendering video due to physics engine problems (Koch, 2015).

Activision's October 1, 2015 statement was criticized by one tech analyst as a "half-hearted non-apology" (emphasis added) (Sterling, 2015). However, after Activision followed up with an additional statement one week later, multiple media outlets were referring to the company's initial response as an apology:

**The core of the game is present on the disc and playable without downloading the patch. The patch does contain tweaks that are needed to fully integrate dedicated server support, which is needed if the player is connected to the Internet since the game is always online. The patch also gives the players additional content as well as improved stability and overall experience** (Hopkins, 2015).

At least one media report viewed the "additional content" referenced in the follow-up statement as a form of compensation for the problematic game (Joell, 2015). However, it appears that the aforementioned content was already available when the first statement was issued and before any negative media feedback was received.

It is plausible to interpret Activision's linking of the bonus content with the earlier acknowledgment of customer issues as a transformation catalyst turning a non-apology into a true apology. Because the issues at hand are technical in nature, this incident is best interpreted as an example of a competence violation arising from a defective product launch. Because the

initial statement from ATVI was issued within 10 days of the launch date and did not contain any scapegoating elements, it is classified as proactive.

### **3.10 Delivery Stumbles: eBay**

eBay is a global commerce platform headquartered in San Jose, California (Ebayinc, 2017). Between 2012 and 2015, certain eBay customers in the U.S. experienced issues with their online orders such as shipment of incorrectly described laptop batteries from sellers in China and problematic communications (ridernyc, 2012). In multiple cases, eBay customers posted about their negative experiences on publicly accessible forums, and these experiences were reported on by commerce blogs such as eCommerce Bytes (Steiner, 2015). While these instances have likely arisen since eBay's founding, a reported trend between 2012 and 2015 was a standard response from the company offering disgruntled customers a \$5 coupon.

eBay emailed the message below to multiple customers between 2012 and 2015 experiencing delays or other problems with their orders (Steiner, 2015; ridernyc, 2012). Similar messages may also have been sent outside of this three-year window.

**Thank you for letting us know about the issue with your recent eBay purchase. We contacted the seller on your behalf and are pleased to learn that you were able to work it out. Still, we apologize for the inconvenience and would like to give you a coupon for \$5 off your next eBay purchase.**

(Steiner, 2015).

The message did not identify a specific sender from eBay. While certain recipients of the message may have complained about an order problem beforehand via the company's online case system (ridernyc, 2012), others purportedly had not and were even unsure which incident was being referred to (Steiner, 2015). eBay's statement referred to a resolution ("...able to work

it out”) and therefore appears to have been triggered only after a refund or other issue was identified (Steiner, 2015). eBay did not accept direct responsibility for the issue, and signaled a lack of culpability with the word “Still” in sentence three (Steiner, 2015). The message ended with an unsolicited \$5 coupon off from a subsequent order (Steiner, 2015).

As a platform for global buyers and sellers, eBay has established multiple systems to resolve disputes between parties such as its online case management tool and user messaging system. Given the large volume of transactions, many of which are for small amounts, it is likely that most of its emails are generated automatically or with minimal human oversight. By coupling an apology with the \$5 coupon, eBay potentially enhances customer relations and may also restore trust. The word “Still” in the third sentence distances eBay from culpability and perhaps encourages customers to frame what follows (explicit apology and \$5 coupon) as an unexpected bonus rather than an auto-generated entitlement. Without such wording the apology could arguably be presented by disgruntled customers as an admission of responsibility.

Because the incidents triggering the eBay mass communication relate to service failures, they are best characterized as competence violations. The two eBay communications analyzed above were issued within 10 days of a delivery problem and do not include any scapegoating elements. Thus, the eBay response is classified as proactive.

### **3.11 NE Outage: Comcast**

Comcast Corporation, based in Philadelphia, Pennsylvania, is the largest media company in the world and has operated for more than four decades (IfM, 2017). During and immediately following the Presidents’ Day holiday of February 2016, Comcast Corporation customers in the U.S. were frustrated by recurring disruptions to their cable television service (Dowling, 2016). While Internet and telephone services were reportedly unaffected, a technical glitch involving

the routing of video channels led to a “wave of service problems” and long wait times on the company’s customer service lines (Dowling, 2016). The foregoing problems were compounded by another separate disruption for customers in New Hampshire and Massachusetts on November 17, 2016 purportedly caused by routine maintenance work (Dowling, 2016).

On February 18, 2016 Comcast issued a statement to the media regarding the outages in the Northeast, as follows:

**Some of our New England area customers experience service interruptions. Our teams worked as quickly as possible to restore services, but we know we let our customers down by not providing the reliability we promise and they have every right to expect, and we’re sorry for that.** (Dowling, 2016)

The above statement was issued by Marc Goodman, the Director of Public Relations for Comcast in the Greater Boston Area (Goodman, 2017). Goodman also informed the media that all service had been restored in the area the previous day (Dowling, 2016). His statement offered explicit words of contrition – “we’re sorry” – as well as an acknowledgment of its duty to provide customers with stable services. The apology was limited in scope to “Some of our New England area customers”, and proclaimed that its staff had labored expeditiously to solve the problem. No reference was made to the resulting outage on November 17, 2017 from a presumably pre-scheduled routine maintenance, however (Dowling, 2016). There was also no mention of the service credits that were offered to affected customers, which were reportedly limited to those who called Comcast’s customer service line (Dowling, 2016).

On February 18, 2016, Comcast Senior Vice President of Network Engineering Kevin McElearney issued a nationwide statement to customers affected by the video channel routing glitch on its website (Comcast, 2017). As with the Northeast-focused apology rendered by

Goodman, the nationwide statement expressed that Comcast was “sorry” for the disruption, and also apologized for the long wait times to reach customer service (Comcast, 2017). The statement specified that customers would be required to call in to the company to obtain a service credit (Comcast, 2017).

Both of the above statements issued by Comcast may have been weakened by the limitation of credits to those affected customers patient enough to endure long wait times. The Northeast-focused apology may have been further weakened by the failure to mention routine maintenance as a partial cause of the local outage. These omissions were noted in media reports but justified by Comcast as necessary given the varying impact on customers (King, 2016). In the prior year, a similar outage of Comcast service in the Western states resulted in the company providing an online credit form (King, 2016), likely more convenient for a majority of customers. Because this incident related to a matter of performance (the consistent delivery of subscribed cable service) it is best characterized as a competence offense. The February 18, 2016 letter from Director Goodman was issued within 10 days of the problem arising and did not include any scapegoating elements, and is thus classified as proactive.

### **3.12 BAE Intern: Microsoft**

Microsoft Corporation, based in Redmond, Washington, was founded in 1975 and is one of the world’s leading technology companies (Microsoft, 2017). On July 5, 2016 Microsoft Corporation emailed potential interns a company-sponsored event invitation referring to “Getting lit on a Monday night” with “dranks” and “hella noms”, among other terms associated with contemporary youth culture (Weinberger, 2016). One of the “bae interns” receiving the message posted it on Twitter, and it was subsequently reposted by thousands of others (Weinberger, 2016). Media reports suggested that Microsoft’s “bizarre effort to look hip” (Weinberger, 2016)

was aimed at attracting younger IT talent. (Schroeder, 2016); *The Seattle Times* described the software giant as middle-aged (Bass, 2016). Many of the media commentators also referred to other recent Microsoft gaffes such as the non-politically correct Tay chatbot and hiring of exotic dancers for a tech conference (e.g., Huddleston, Jr., 2016).

On July 6, 2016, the day after the invitation was posted on Twitter, Microsoft emailed a 30-word statement to the press concerning the incident (Schroeder, 2016):

**The email was poorly worded and not in keeping with our values as a company. We are looking into how this occurred and will take appropriate steps to address it.** (Weinberger, 2016)

Although Microsoft's response did not include any explicit statement of contrition, it was reported by numerous media outlets as an apology such as *The Seattle Times* (Bass, 2016) and *Fortune* magazine (Huddleston, Jr., 2016). The self-criticism of the email as "poorly-worded" and "not in keeping with our values" ((Weinberger, 2016) constituted an acknowledgement of a transgression. Microsoft's declaration that it would "look into how this occurred" and subsequently "take appropriate steps to address it" (Weinberger, 2016) constituted an assurance of future conduct (non-recurrence).

Public perceptions of this incident were likely impacted by recent past gaffes from Microsoft (chatbot and exotic dancer incidents) that related to similar issues of community sensitivity. Many of the media accounts of the intern invitation ridiculed Microsoft as "middle age" (Bass, 2016), "awkward" and not "cool" (Weinberger, 2016), likely reinforcing the very impression that the invite was trying to overcome. This negative media backlash constitutes a form of collective punishment for the transgression, and plausibly explains why media commentators characterized the March 6, 2016 statement to the media as an apology. Although

no contrition statement was offered up by the incumbent software giant, its direct acknowledgment of a transgression coupled with embarrassing media exposure appears to have functioned as an implicit apology. Because this incident arose as the result of community sensitivity, it is best characterized as an integrity offense. Since the statement from Microsoft was issued within 10 days of the offending event and did not contain any scapegoating elements, it is classified as proactive.

### **3.13 Racist TV Hack: Charter**

Connecticut-based Charter Communications is a TV, internet, and voice company with 90,000 employees and 24 million customers across 41 states (Charter, 2017). On August 3, 2016 certain Charter Cable customers in northern Texas viewed a textual message over their regularly scheduled television programming which read, “F\*\*\* Black Lives Matter” and that “all n\*\*\*\*\* must die.” (Anglin, 2016). Multiple customers complained to Charter after viewing this hurtful message, which was transmitted by outside hackers unaffiliated with the cable company.

Charter blamed the message on outsider hackers and quickly released a 35 word statement on the same day via press outlets as follows:

**We are aware that an abhorrent message briefly appeared on some set top boxes. We apologize profusely to any of our customers who were subjected to it, and we are working to understand the cause** (Uhler, 2015).

In addition to issuing the press statement, Charter offered customers who called to complain about the incident a \$50 statement credit (Anglin, 2016).

Although this incident reportedly involved no ethical breach on the part of Charter, it is nonetheless a community sensitivity breach because it arose from a charged racist statement targeting one community group (i.e., African-Americans). While it is plausible that the hacking

of Charter's local broadcast was in part made possible by a lapse in technical competence, it is best characterized as an integrity offense due to the racist communications at issue and hurtful response of the community (Anglin, 2016). While the communication was very brief at 35 words, it clearly defined the "abhorrent" breach, made a profuse apology, and pronounced that it was taking actions to find out what happened.

The coupling of this apology with a declaration to investigate as well as a \$50 statement credit for those upset enough to call Charter to complain about the incident may have strengthened the apology. The investigative effort may reduce fears that this type of incident will reoccur, while the statement credit is a form of individual compensation that serves to both acknowledge the harm and potentially restore good will. However, some Charter customers felt the statement credit diminished the severity of the harm incurred (Anglin, 2016). Since the statement from Charter was issued in less than 10 days and contained no scapegoating elements, it is classified as proactive.

### **3.14 Valdez Spill: ExxonMobil**

ExxonMobil is a Texas-based energy company formed by the merger of Mobil and Exxon in 1999, and is presently the 7<sup>th</sup> largest publicly traded company in the world based on market value (Wikipedia, 2017). Exxon and Mobil were both formed in 1911 after the U.S. Supreme Court divested Standard Oil as an illegal monopoly, with Mobil based in New York and Exxon based in New Jersey (Wikipedia, 2017).

On March 24, 1989 an Exxon controlled oil tanker crashed into a reef in Prince William Sound, spilling 11 million gallons of oil into the pristine Alaskan waters (Gannon, 2014). This event remained the most severe oil spill in the U.S. until the 2011 Deepwater Horizon incident involving British Petroleum (Gannon, 2014). Hundreds of thousands of wildlife were killed as a



result of the spill, and pockets of contamination remain more than two decades later (Gannon, 2014). Allegations were also reported in the media that the captain of the vessel had been drinking prior to the accident (Holusha, 1989). In 2009, the captain – Joe Hazelwood – offered a “very heartfelt apology” to those affected by the spill (Meyer, 2009). The U.S. Oil Pollution Act was enacted in 1990 largely in response to this incident (Gannon, 2014).

Ten days after the *Valdez* oil spill on April 3, 1989, Exxon’s CEO Lawrence Rawl issued a statement on the incident by way of a newspaper advertisement (Farazmand, 2001). The statement began with the heading, “Open Letter to the Public”, and consisted of 183 words (Farazmand, 2001). It declared in passive voice, “I want to tell you how sorry I am that this accident took place,” expressed sympathy to impacted residents in Alaska, and assured the public that Exxon was fully engaged in a clean-up process involving “several hundred people” (Farazmand, 2001). The letter acknowledged that the company would meet its “obligations” toward those damaged by the spill (without specifying any form or amount of compensation), and assured that it would continue to devote “our full attention” towards the cleanup (Farazmand, 2001). The incident was described as an “accident”, and no mention was made of the ship’s captain, Joe Hazelwood.

The Rawl statement offered an explicit statement of contrition (“sorry”) for the impact of the *Valdez* incident, and indirectly acknowledged a breach of its responsibilities by referencing its “obligations”. However, the limiting of contrition to the impact of the harm (rather than the transgression itself), reliance on passive voice (Farazmand, 2001), and failure to expressly state that it breached its duties to the public led some voices in the media to deride it as weak, as did the delay in responding (Holusha, 1989). While sympathy for affected residents of Alaska was expressed, there was no language in the letter describing any commensurate emotions (empathy)

felt by Exxon in return other than “sorry”. The letter’s assurance of ongoing and future cleanup efforts is aimed at reducing the perceived risk of repeated breaches, but lacking in specifics.

Although accusations of the captain’s drinking prior to the *Valdez* hitting the reef may have imbued the transgression with a moral element, evidence suggests primarily accidental factors (Wikipedia, 2017) and thus it is best characterized as a competence violation. Although Rawl’s statement was issued after ten or more days and also contained scapegoating elements, it is classified as reactive.

### **3.15 Union Billboard: CSX**

CSX Corporation is a global transportation company headquartered in Jacksonville, Florida (Calnam, 2003). The company was based in Richmond, Virginia until 2003, when it relocated to Jacksonville following a multiple-subsidary merger (Calnam, 2003). In May, 2002 a railroad union organization (Brotherhood of Locomotive Engineers and Trainmen, or BLE) leased a billboard overlooking a railway yard used by international transportation company CSX Corporation (BLE, 2002). The billboard contained an advertisement stating as follows:

**Remote control trains? No engineer in the cab? Stop the madness! Call your  
Congressman today! Stop paying dues to a union that eliminates jobs! Join  
BLE Division 532 today!** (BLE, 2002).

CSX was the primary purchaser of remote control trains at the time of this incident (BLE, 2002). Although the billboard had been leased by BLE for 30 days, it disappeared after two weeks and was replaced by a military recruitment advertisement (BLE, 2002). According to a statement made by CSX representative Kathy Burns, a real estate subsidiary of CSX had deemed the advertisement offensive and had it removed (BLE, 2002). By 2009, media sources reported that

the remote train experiment by CSX and others had “failed miserably” and cost more than manual operation (Railroader Blog, 2009).

On May 24, 2002 a BLE blog reported that CSX officials had informed website Trains.com the day before that an apology for removing the disputed billboard was forthcoming (BLE, 2002). CSX spokesperson Kathy Burns reportedly stated on May 23, 2002, “We clearly made a mistake,” and declared that the removing of the billboard “...was not cleared through the appropriate internal CSX channels” (BLE, 2002). No explicit apology was offered by Spokesperson Burns, however. She stated that CSX did not agree with the billboard’s message, but “...as a matter of policy we respect the rights of others to have differing views on issues” (BLE, 2002). An “Anti-CSX” blog commenter stated in 2003 that CSX had compensated the union for the cost of placing the billboard advertisement (Railroad Jim, 2003), but there was no reference to compensation in the Burns statement. In total, the word count for the direct quotes from Ms. Burns was 43.

Although the May 23, 2002 communications from CSX spokesperson Burns did not include an explicit apology, the issuance of an apology in the future was referenced. Her statement “We clearly made a mistake” (BLE, 2002) constituted a responsibility acknowledgement. The comment on CSX’s disagreement with the billboard’s message was a mild form of attack and also a partial justification. The referencing by Spokesperson Burns of unclear communication lines among the different CSX divisions (especially in light of their merger in the following year) was a form of excuse intended to mitigate the company’s level of responsibility. Because this incident related to intentional conduct on the part of CSX rather than matters of accident or incompetence, it is best characterized as an integrity offense. Although

the communication from spokesperson Burns were rendered within 10 days of the incident arising, the inclusion of scapegoating language classifies it as reactive.

### **3.16 JX Online: Kingsoft**

Founded in 1988, Kingsoft is an established Chinese software company known for its free office suite product introduced in 1995 (Kingsoft, 2017) as an alternative to U.S. rival Microsoft's offerings (Zhang, 2008). In the spring of 2003, Kingsoft experienced technical problems during the beta testing phase of an online martial arts game called JX Online, causing it to curtail further beta testing and delay the game's commercial launch by at least one month (Yue, 2003). "JX Love" was released by Kingsoft in 1997 as China's purported first role playing game (Wikipedia, 2017), leading to the subsequent development of JX Online. The third iteration of JX Online, named JX Online 3, is still actively played today across Asia (MMOSite, 2017).

On June 16, 2003, Kingsoft General Manager Zhang Zhihong issued a written statement to the media addressing the technical problems and delayed launch of JX Online (Yue, 2003). The 434-word statement was addressed to the game's outside beta test players on behalf of all Kingsoft employees, and offered an explicit apology (道歉, or dàoqiàn) in the opening subject line. A second "heartfelt apology" was offered in the second paragraph, and a detailed account of the reasons for extending the release date for the game was provided (Yue, 2003). General Manager Zhang acknowledged that players may have incurred "psychological harm" for the game's unavailability, and expressed his enthusiasm for Chinese martial arts and desire to develop the "best game" for the Chinese people so that "all the Chinese people are proud of the game" (Yue, 2003).

Zhang stated that the “real reason” for the game’s delayed launch is that it is not sufficiently “mature” for the market and needs more quality testing (Yue, 2003). It is posited that Kingsoft hesitated to release “imperfect semi-finished products” because such action would be out of character (Yue, 2003). Reference is made to Kingsoft employees working “18 hours a day, or even 20 hours” under pressure, but is also acknowledged that they lacked experience and “took a lot of detours” in their efforts (Yue, 2003). Zhang declared that the launch delay was “very painful” and brought “huge damage to us”, reflecting an earlier reference made to “15 years of ups and downs” at Kingsoft (Yue, 2003). It is stated that the gaming division of Kingsoft responsible for creating the JX series has not yet earned a profit over its 8-year history despite its intention to eventually reach the pinnacle of the international game market (Yue, 2003). Zhang nonetheless declared that he is “deeply proud” of the JX game team’s efforts, and requests players to “Give us more time, give us more opportunities...” over the coming days in anticipation of an improved product launch (Yue, 2003). The letter ends with Zhang offering deep gratitude to the JX Online players (Yue, 2003).

The letter from General Manager Zhang offered an unequivocal apology at two points, and he referred to the “damage” suffered by players over the delayed launch of JX Online (Yue, 2003). The referenced harm, coupled with admission of a delay in launch, constitutes an implicit acknowledgement of responsibility for the transgression. Empathy is also expressed to the players in that Zhang and Kingsoft, “like you” (players), are purported to also have been damaged by the “very painful” decision to delay launch (Yue, 2003). The references to overwork, damage and pain felt by Kingsoft, coupled with its failure to make a profit in the gaming sector, can be characterized as expressions of self-punishment. Assurances were also offered that the company will “persevere” to eventually release the “best game” for the Chinese

people and reach the pinnacle of the industry (Yue, 2003), presumably lessening the chance of a future reoccurrence.

At several points in the letter, Zhang offered statements aimed at excusing or justifying the delayed launch, potentially weakening the impact of the explicit apology and implicit transgression acknowledgment. For example, it was expressed that achieving the company's goals was "so difficult" and such a "huge pressure" that the gaming division did not make a profit for eight years (Yue, 2003). The foregoing ostensibly excused and/or mitigated Kingsoft's responsibility for the delayed launch because it was hard to achieve and led to economic hardship. Similarly, the purported "lack of experience" and "detours" (Yue, 2003) experienced by the gaming division appear aimed at mitigating the degree of perceived transgression in that the delayed launch was unforeseeable and/or unavoidable (and thus not intentional).

References to not earning a profit may also serve to counter any suggestion that the difficulties resulting from an inexperienced development team could have been remedied by hiring more or better staff, as financial resources would plausibly have been limited. The foregoing may also justify why no compensation is offered to users in the letter. With regard to justifications, the expressed reluctance to launch a "semi-finished product" in a "rush" (Yue, 2003) provided a rational alternative explanation for the delay other than a mistake or blunder on Kingsoft's part. Because this incident related to technical performance rather than an ethical or moral breach, it is best characterized as a competence violation. Although the letter from General Manager Zhang was rendered within 10 days of the incident arising, the inclusion of scapegoating language classifies it as reactive.

### **3.17 Slavery Policies: JP Morgan Chase**

JP Morgan Chase is a New York-based banking and finance company with a two century history now operating in more than 100 companies (JPMorgan Chase, 2017). In January 2003, the city of Chicago passed an ordinance requiring financial institutions that had previously profited from the U.S. slave trade (directly or via their predecessors) to investigate such activities and disclose them to the public (Benner, 2005). While there was no express penalty for non-compliance, false statements would lead to the voiding of any contracts with the city (Benner, 2005). The Chicago ordinance was passed during a period of broader public consideration of slavery's legacy and potential reparations, and other communities such as Los Angeles, Detroit, and Philadelphia have enacted similar regulations (Fears, 2005).

On January 27, 2005 JP Morgan Chase, the second largest U.S. bank, published a statement on its website expressing contrition for its past ties to slavery in response to the Chicago ordinance, and contemporaneously committed on its website to fund a \$5 million African-American scholarship fund (Fears, 2005). Later in the same year, Wachovia (acquired by Wells Fargo in 2008) issued a similar statement. By contrast, Bank of America Corp. disputed claims that it had profited from slavery and did not issue a statement of contrition, although it still contributed \$5 million to an African-American history preservation fund (Washburn, 2005).

The January 27, 2005 statement from JP Morgan Chase consisted of 154 words, and began by noting its examination of "company history" was pursuant to the "commitment to the city of Chicago" (Teather, 2005). It reported that two of its "predecessor banks" (Citizens Bank and Canal Bank) had accepted 13,000 slaves as loan collateral and furthermore directly owned 1,250 slaves as the consequence of default (Teather, 2005). The company expressed that "We all

know slavery existed in our country...”, but went to declare “...but that is no excuse” (Teather, 2005). An explicit apology is rendered in the second-to-last sentence – “We apologize to the American public, and particularly to African-Americans, for the role that Citizens Bank and Canal Bank played during that period” (Teather, 2005). While it was acknowledged that the past could not be changed, the company declared that “...we are committed to learning from and emerging stronger because of it” (Teather, 2005). The statement made no reference to the \$5 million scholarship fund it was contemporaneously establishing.

This incident represents the longest delay between a transgression occurrence and subsequent apology at circa 150 years. Along with immense political and legal changes during this time period, the entity presently known as JP Morgan Chase has also undergone a substantial transformation with regard to both its structure (predecessor banks) and individual shareholders (since passed and replaced by others). While JP Morgan’s statement in 2005 proclaimed that the historical reality of slavery did not absolve its past conduct, the reference to this history (and acknowledged inability to alter it) still appears aimed at mitigating the bank’s extant responsibility and thus constitutes a form of excuse.

The concluding reference to learning from the past and “emerging stronger” (Teather, 2005) is a form of future assurance, which is strengthened by the contemporaneously announced \$5 million scholarship fund. The omission of this scholarship from the statement may have sprung from a desire to avoid a causal link between the announced researching findings and financial award, which otherwise may plausibly have encouraged future private litigation (e.g., from descendants of the bank-owned slaves) and/or claims for reparation. Because this incident arose from the moral indignity of slavery rather than any issue of competence with regard to historical insurance policies, it is best characterized as an integrity offense. While it is uncertain



whether the JP Morgan statement was issued within 10 days of the Chicago ordinance at issue, the inclusion of scapegoating elements classifies it as reactive.

### **3.18 Warcraft Servers: The9 Limited**

Shanghai-based The9 Limited was granted the exclusive rights from Blizzard Entertainment to operate World of Warcraft (WoW) in China from 2005 to 2009, propelling the NASDAQ-listed Chinese company founded in 1999 to revenues of \$40 million in Q2 of 2009 (Maher, 2009). Blizzard Entertainment later merged with Activision in 2008 to form Activision Blizzard (ATVI, 2017). On April 16, 2007, The9 Limited posted a letter to WoW players in China on its dedicated website for the game concerning technical problems with one of its map regions (The9 Limited, 2007). Players active in the seventh region of the virtual WoW realm had been subject to sudden server disconnections and frozen screens, problems that were compounded by the pay-as-you-go billing system used for the game in China (Tobold, 2006). After the WoW license was transferred by ATVI from The9 Limited to rival Netease on June 7, 2009, The9 Limited was described by media insiders as “totally lost”, and purportedly considering layoffs of 50% of all staff (Jason, 2012a).

The April 16, 2007 communication from The9 Limited’s “World of Warcraft operations team” referenced problems with the seventh map region in the subject line, and was addressed broadly to all Wow players (各位仙友, or gèwèi xian you). While there were no explicit words of contrition in the letter such as “apology”, “sorry”, or “regret”, there was an acknowledgement of “recent problems”, “confusion”, and “urgent needs” on the part of WoW players in China arising from technical issues in the seventh map region (The9 Limited, 2007). While the harm experienced by players was acknowledged, the only acknowledgment of a breach of responsibility on behalf of The9 was implicitly conveyed by an assurance in the letter’s final

sentence that the company would “guarantee and strive” to avoid a “future failure” (故障, or gùzhàng) (The9 Limited, 2007). By referencing a failure in the future, it could be inferred that there had also been a failure with Warcraft at the present time (i.e., the seventh map region glitches).

Notwithstanding the explicit acknowledgement by The9 Limited of harm suffered by WoW players in China and implied acknowledgment of a breach of its duties (“future failure”), there were also several instances in the letter where responsibility for the incident was shifted to the game’s U.S.-based licensor, Blizzard Entertainment (The9 Limited, 2007). For example, the opening paragraph stated that Blizzard “...is responsible for server maintenance and management”, and later declared that Blizzard was “making every effort” to fix the technical problems (The9 Limited, 2007). The foregoing assertion that Blizzard was responsible for server management constitutes a denial of responsibility, notwithstanding the implied acknowledgement in the letter’s final sentence.

In the third paragraph, The9 Limited also stated that its billing setup had been developed by Blizzard in “strict compliance” with its point system. Notwithstanding the efforts to shift responsibility to its licensor, The9 also stated, “...we and Blizzard commit together” (一同承诺, or yītóng chéngnuò) in taking technical steps to assist players in resolving their concerns (The9 Limited, 2007). A phone hotline number was offered for affected players, and The9 Limited stated that it would review point deduction requests from those affected by the glitches (The9 Limited, 2007), which constitutes a compensation offer. Assurances were also offered that a “future failure” would not reoccur (The9 Limited, 2007).

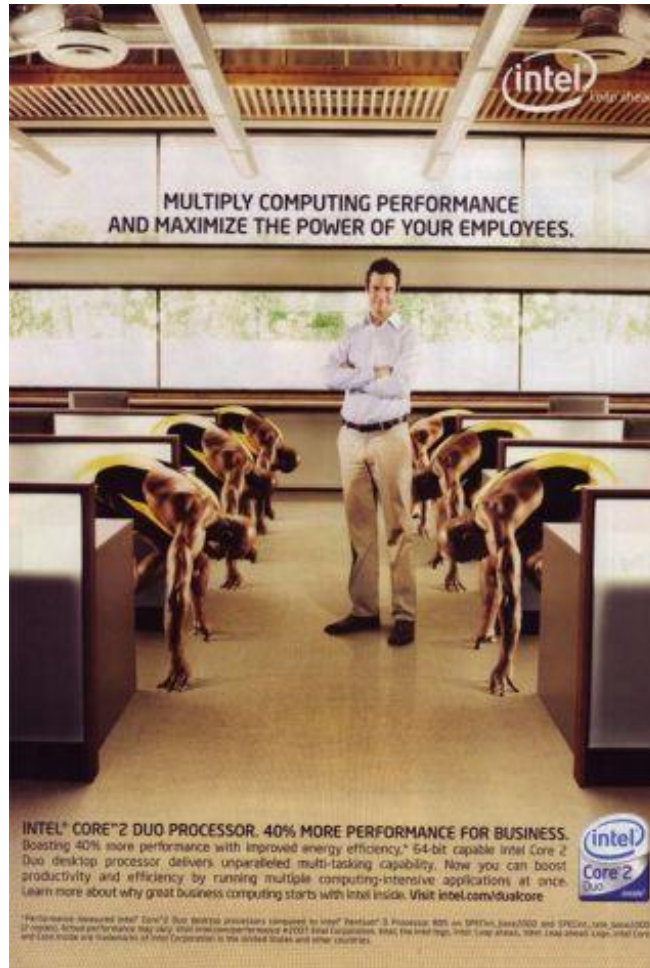
The April 16, 2007 communication from The9 Limited on this incident offered only an implied apology, and is further weakened by repeated statements shifting blame to Blizzard

Entertainment. There was also no guaranteed compensation offered for users who lost game time credits due to a glitch, but a hotline number was provided for the company's credit review process (The9 Limited, 2007). The issuance of the letter from a generic "operations team" (The9 Limited, 2007) rather than a specific person or leader is another weak point. Given that The9 Limited specifically referenced "prolonged server delays" and "interruptions due to network failure" (The9 Limited, 2007) as material adverse risks to its WoW revenues in its 2005 20-F annual securities filing, the relative weakness of this statement compared to others for similar problems (e.g., the Fairy Biography letter of October 13, 2010) was somewhat surprising. Because this incident related to server performance issues rather than a moral breach, it is best characterized as a competence violation.

### **3.19 Sprinter Ad: Intel**

Founded in 1968, Intel Corporation is a Silicon Valley-based technology company with more than \$50 billion in annual revenue (Williams, 1997). In the summer of 2007, Intel released a print advertisement for its Core 2 Duo Processor featuring 6 black sprinters surrounding a white man wearing professional attire, under the heading "Multiple Computer Performance and Maximize the Power of Your Employees" (Frucci, 2007), as shown below in Figure 3.

**Figure 3: Intel Sprinter Ad**



While the advertisement ran in Europe for two months before being retracted, it then re-appeared in a Dell Computer catalog in the United States (Modine, 2007). The first published criticism of the ad in the media was from Gizmodo on July 31, 2007 (Frucchi, 2007), when the advertisement appeared alongside a prompt for readers to comment on whether the advert was “barely subliminal racist advertising” or “just plain lousy advertising” (Frucchi, 2007). While a *Wall Street Journal* story described the ad as featuring “African-American” sprinters, there is no indication of their nationality (Modine, 2007) and it ran in multiple countries.

On July 31, 2007, the day Gizmodo critically commented on the advertisement as insensitive (Frucchi, 2007), a statement from Intel Vice President and Direct of Integrated

Marketing Nancy Bhagat was released by Intel on its official blog (Bhagat, 2007). The 113-word communication was entitled “Sprinter Ad”, and stated in the third paragraph that “We are sorry” for running an ad that “did not deliver our intended message and in fact proved to be insensitive and insulting” (Frucci, 2007). It further declared that the company recognized such insensitivity and had attempted to pull the ad from circulation, but had “failed on one last media placement” (Frucci, 2007). Thus, the explicit statement of contrition – “sorry” – appears to have been broadly aimed at the original breach (insensitivity) and also the subsequent performance failure (“one last media placement”). By declaring that Intel had recognized the ad’s insensitivity, an acknowledgement of a breach of responsibilities was also rendered. The reference to “Intel’s intent” as one aimed purely at communicating the “performance capability of our processors”, along with reference to having used sprinter visuals in the past “successfully” (Frucci, 2007), appear intended to excuse Intel from full culpability. The communication ended with a statement that the Intel team was “...working hard to make sure this doesn’t happen again”, which functioned as an assurance of future non-recurrence (Frucci, 2007).

The communication from VP Bhagat offered a sincere acknowledgement of a breach, along with words of contrition – “we are sorry” – yet it also attempted to excuse the company based on good intentions and past usage of similar advertising visuals. Further, the vague recognition of a breach – “upon recognizing this”, with “this” presumably being the “insensitive and insulting” nature of the ad – rendered the latter promise about “working hard to make sure this doesn’t happen again” somewhat insubstantial; it is difficult for a reader to surmise how the offense will not be repeated without more details on how it occurred in the first place. Among the 107 responses to Bhagat’s July 31, 2007 statement is a comment from her three days later on

August 2, in which she updated her earlier communication to recognize that there were “a few other ones” (sprinter ads) that ran in addition to her acknowledged “last media placement” (Bhagat, 2007). As well as acknowledging the “slightly incorrect” information conveyed in her earlier post, her update linked to a follow-up statement issued by Intel’s VP and Director of Global Marketing Don MacDonald (Iroegbu, 2007). Mr. MacDonald’s communication acknowledged that “We made a bad mistake”, and “I know why and how, but that simply doesn’t make it better” (Iroegbu, 2007).

The follow-up statements from both Ms. Bhagat and Mr. MacDonald suggest that the initial July 31, 2007 communication was an insufficient response. While the mistake in reference just one publication of the sprinter ad might have been avoided by delaying the first communication, such a delay may have cast Intel as less sincere. However, none of the three statements above from Bhagat or MacDonald clearly identified how the breach occurred or what steps would be taken to avoid it happening again. Because this incident pertained to a perceived issue of community sensitivity rather than performance, it is best characterized as an integrity offense. While the response from Intel was issued the day after the controversy emerged in the U.S. media, its inclusion of scapegoating elements classifies it as reactive.

### **3.20 iPhone Price Drop: Apple**

California-based technology company Apple Computer is the 7th most reputable corporation worldwide (Reputation Institute, 2014), and is also the globe’s largest company based on market capitalization. Two months after launching the iPhone in 2007, Apple Computer reduced the product’s price by \$200 (Wingfield, 2007). Some early adopters of the iPhone complained at paying substantially more for the same product (Wingfield, 2007).

In a 451 word letter to all iPhone customers on December 6, 2007, CEO Steve Jobs addressed the price drop and ensuing outcry from some early adopters (Tehrani, 2007). Although the letter explicitly stated that, “I am sure that we are making the correction decision” with respect to the price drop, and gave his company kudos for being ahead of the competition (Tehrani, 2007). Jobs ended his letter with the granting of a \$100 store credit for early purchasers. He explicitly went on to “apologize” for “disappointing some of you” (Tehrani, 2007).

Most of the letter related to praise by Jobs of the iPhone and Apple. He wrote that the company initiated the price drop to “go for it” over the holiday, that “life in the technology lane” was necessarily “bumpy”, and that financially supporting companies like Apple would result in years of future “useful and satisfying service” for customers (Tehrani, 2007). Jobs declared multiple times that the price drop was the “right decision”, but did admit that his company needed to “do a better job taking care of” existing customers after a big price reduction in order to “live up to that trust” it enjoys (Tehrani, 2007). The acknowledgement of a transgression (price drop), explicit use of “apologize,” and compensation offer (store credit) represented an explicit apology notwithstanding that most of the text was devoted to a denial of wrongdoing. Since the price drop did not relate to performance, but rather “trust” and doing the “right thing” (Tehrani, 2007), it is characterized as a form of integrity violation. While the message from Steve Jobs was issued within 10 days of the price drop announcement, the inclusion of scapegoating elements classifies it as reactive.

### **3.21 Marvel Tea Party: The Walt Disney Company**

New York City based Marvel Comics, a division of Marvel Entertainment, was acquired by The Walt Disney Company in 2009 (Ingram, 2015). In early February 2010 certain bloggers

(e.g., Huston, Feb. 8, 2010) criticized the recently published issue number 602 of Captain America featuring a story with “Two Americas”, including one featuring a fictional white supremacist group named “Watchdogs”. In the issue, certain visual scenes of the Watchdogs featured supporters of the group carrying signs that explicitly referred to and supported the U.S. Tea Party political movement, such as, “Tea Party libs before they Tea Party you” (Huston, 2010). Critics such as Huston (2010) posited that the signs unfairly characterized Tea Party supporters as angry white supremacists in favor of a violent revolution in the U.S. In a subsequent interview with the Marvel Comics editor-in-chief two days later, the ruckus was referred to as a “first piece of weird, newsy controversy of the year”. The tea party movement purportedly began in 2009 with protests in Washington State organized by Keli Carender but soon spread nationwide (Zernike, 2010).

On February 10, 2010 a prominent comic book resource site (CBR.com) published a story entitled, “Political Controversy & the Heroic Age” consisting of an interview by the site’s editor, Kiel Phegley, with Marvel Comic editor-in-chief Joe Quesada. The CBR.com site is owned by an entity in Quebec, Canada. The 1349-word interview focused primarily on the Watchdogs / Tea Party political movement scandal following the release of issue number 602 of Captain America. Mr. Quesada regularly addresses questions submitted by Marvel fans on the CBR.com site in a segment named ‘CUP O’ JOE’.

After 830 words into the interview, Mr. Quesada acknowledged that one of the signs in issue 602 identified a Watchdogs supporter with the tea party group (Quesada, 2010). According to his account, the Tea Party signs were inserted last-minute by a “letterer” without thorough editing in a rush to meet the publishing deadline (Quesada, 2010). Quesada added, “...we need to apologize for and own up to, because it’s just one of those stupid mistakes that happened



through a series of stupid incidents” (Quesada, 2010). However, he acknowledged that “...ultimately the onus falls on me as the E-i-C” (Quesada, 2010). He stated that the offending signs were deleted from future reprints.

Prior to and following the statement of apology, multiple defensive statements were offered by Mr. Quesada:

- **“Hold on. Before digging into this, you’re starting from a false premise.”**
- **“... a portion of this story that is being blown out of proportion and taken out of context”.**
- **“There was zero discussion to include a group that looked like the Tea Party demonstration”.**
- **“...some people are getting upset...”**
- **“There is one legit criticism in there, and a lot of not so valid stuff...”**
- **“...it was a simple perfect storm of screw-ups...”**
- **“...those sentiments... are a complete and irresponsible misrepresentation”. “...you really need to read the whole thing and not just judge a story and its intent on the first issue”.**
- **What we do at Marvel is provide our readers with the unexpected...”**

(Quesada, 2010).

The Marvel Comics Editor-in-Chief proffered a wide range of defensive statements to excuse, mitigate, and/or justify the admitted mistake of explicitly linking the tea party movement with the maligned Watchdogs group. The presumably contemporaneous oral nature of the interview (no reference is made to how it was conducted) is one possible reason for the wide-ranging nature of his responses. There is arguably an implicit bias against the views of those

who reacted negatively to the association of the tea party with the Watchdogs based on comments attacking critics as “some people” making “complete and irresponsible misrepresentation” of a purported inadvertent editing mistake (Quesada, 2010). Because this incident related to perceived insensitivity to the Tea Party community, notwithstanding any of the posited shortcomings in Marvel’s editing process it is best characterized as an integrity violation. As the statements from Marvel’s Editor-in-Chief contained elements of scapegoating, it is classified as reactive.

### **3.22 Fairy Biography: The9 Limited**

The9 Limited is a Shanghai-based game developer and operator listed on the NASDAQ and held the exclusive China license for World of Warcraft (WoW) from 2005 to 2009 (Maher, 2009). Following the loss of WoW, The9 Limited licensed titles from other international game developers such as Sony Digital Entertainment and also devoted more resources to internal game development (He, 2011).

“Fairy Biography” (神仙传, or Shen Xian Zhuan) was an internally-developed 2.5D (simulated three-dimensional) game from The9 Limited based on Chinese folklore and immortal beings aimed at players age 18 and over (Jason, 2010b). Although the game did not commercially launch until early 2012, public beta testing began on October 12, 2010, with many players reporting significant problems on the first test day (Michelle, 2012). On March 5, 2012 The9 announced that it would license exclusive worldwide rights for Fairy Biography to Taiwan’s Webo Digital for three years (Michelle, 2012). Based on the lack of Google search results for the title since the license to Webo Digital expired in 2015, it appears that the game is no longer operating.

The9 Limited published on its Fairy Biography game website a “letter of apology to all Fairy Biography players” on October 13, 2010, just one day after commencing limited public beta testing (The9 Limited, 2010). Issued on behalf of “our entire project team” by an unnamed team leader, the 1,297-word communication explicitly referenced “apology” (致歉, or Zhìqiàn) in the subject line, but did not repeat any similar words of contrition elsewhere in the letter’s body (The9 Limited, 2010). The letter acknowledged a “shirk” of its “responsibility” with regard to “a lot of problems” that had emerged on the prior day’s launch (The9 Limited, 2010). Four specific technical issues (stuck progress bar, map display, insufficient server resources, and installation difficulties) were enumerated and addressed with specific “Solutions” (The9 Limited, 2010).

The “Solutions” offered by the team leader included providing new server resources, making technical adjustments, and reviewing submitted bug reports one-by-one (The9 Limited, 2010). These commitments to action constitute assurances of non-recurrence. It is stated that the development team for Fairy Biography worked 24 hour shifts to improve the game, including the holiday weeks for Mid-Autumn Festival and National Day commemoration (The9 Limited, 2010). The team leader declared that the number of invited beta testers who activated their accounts on October 12, 2010 was “almost... 100%... which in the history of online games is extremely rare”, and that the database problems were “mainly caused by the server” rather than any human error (The9 Limited, 2010). The references to extended work hours, unexpected activations, and faulty servers all function as both an explanation of why problems arose and also excuse or mitigate the development team’s responsibility for the breach.

Opening day beta testers are promised additional “gifts and compensation” as potential rewards during the next round of beta testing, and are guaranteed an invitation to participate

(The9 Limited, 2010). It is suggested that a “joint effort” is required between beta testers and game developers to enable a more “beautiful” game in the future, necessitating “patience” on behalf of players, who are offered an explicit “Thank You!” for their participation (The9 Limited, 2010).

The lengthy communication from The9 Limited consists primarily of an explanation of what problems arose during launch day and how they would subsequently be addressed. Although unstated in the letter, Beta testers should reasonably have anticipated encountering some technical problems, as the very purpose of such testing is to identify and fix these occurrences. According to the team leader’s account, the problems arose primarily from inadequate servers and an unexpectedly high level of participation, despite the 24 hour shifts purportedly worked by the development team. Regardless of veracity, the foregoing statements functioned as excuses and thus may have weakened the letter’s reception by affected beta testers. The only words of contrition appeared in the subject line, potentially further weakening its impact. Because this incident related to technical performance issues rather than a moral breach, it is best characterized as a competence offense. Although The9 Limited’s response to this incident was rendered within one day, the inclusion of scapegoating elements therein classifies it as reactive.

### **3.23 IM Dispute – Tencent**

Tencent is media and technology holding company founded in 1998 (Crunchbase, 2017). Based in Shenzhen, China, its current market value is in excess of \$200 billion (Crunchbase, 2017). In 2010 a dispute involving instant messaging (IM) applications erupted between two leading Chinese software developers, Tencent and Qihoo. Tencent focuses on online gaming

and messaging via its QQ app, whereas Qihoo emphasizes security with its Qihoo 360 anti-virus program (Memeburn, 2010).

Problems developed between Tencent and Qihoo beginning in September, 2010 when it was alleged by Qihoo that the QQ app was scanning the private information of its 600 million users, and thereafter enabled a software feature for the 300 users of Qihoo 360 that purported to disable these leaks (Ye, 2010). Tencent denied Qihoo's claims and promptly filed a lawsuit against the company in response (Ye, 2010). On November 3, 2010 Tencent sent a message to all of its QQ users informing them that its app would be disabled on any computers running Qihoo 360 (Ye, 2010), discussed in detail below. Thereafter, users of Qihoo 360 without a patch received the following pop-up message when they attempted to run the QQ application:

**360 malware damages the safe operation of QQ, and therefore threatens the safety of QQ accounts. We urge you to uninstall all 360 products before normally running QQ** (Ye, 2010).

A third-party then released a patch program enabling users to run both Qihoo 360 and QQ at the same time (Ye, 2010). On November 10, 2010 the Chinese Ministry of Industry and Information Technology (MIIT) demanded that the two companies resolve their issues, apologize to users, "strengthen professional ethics", and make their products technically compatible (Memeburn, 2010). Qihoo responded to this demand by posting the following statement on its website:

**We hearby apologise to society and netizens and will stop the mutual attacks between the companies** (Memeburn, 2010).

Tencent's letter to QQ customers on November 3, 2010 was the first (but not last) public communication in the Qihoo dispute reported in the media as an apology. The 63-word statement, sent via email, is set forth below:

**Dear QQ users, this email is to inform you that we've just made a very difficult decision. Until Qihoo 360 removes the tag-on service and malicious slander against QQ software, we have decided to stop running QQ software on computers that have installed the 360 software. We are fully aware of the inconvenience this may cause you, and we sincerely apologize for it. (Ye, 2010).**

Tencent's message explicitly apologized in the third-to-last word of the email, and is prefaced by the adverb "sincerely" for emphasis (Ye, 2010). A breach of the company's responsibilities to users was clearly acknowledged, as Tencent admitted it is "fully aware of the inconvenience" its decision to disable QQ on machines running Qihoo 360 will cause (Ye, 2010). The letter included language of attack against Qihoo, characterizing its comments as "malicious slander", and stated that its announced decision had been "difficult" (Ye, 2010).

Although the message from Tencent offered an explicit acknowledgment of breach and a purportedly sincere apology, it was weakened by its purposeful nature. The company freely acknowledged that the inconvenience caused to users was intentional and for a specified purpose (spur Qihoo 360 to take certain action). Tencent referenced its decision as "difficult" and described rival Qihoo's conduct in egregious terms ("malicious slander"), both of which served as justifications for the breach. While the prior claims from Qihoo of Tencent scanning the private data of its users was not referenced in the November 3, 2010 email, given the high profile nature of this dispute in the Chinese media (Ye, 2010) it is presumed that a majority of recipients

would have been aware of them. In 2014, the Chinese Supreme Court affirmed a ruling in Tencent's favor that certain of Qihoo's statements about Tencent were false (Evans, 2014). Because this incident related to intentional words and actions that are acknowledged to negatively impact on customers, it is best characterized as an integrity violation. Although the message from Tencent appears to have been issued contemporaneously with the breach, its inclusion of scapegoating elements classifies it as reactive.

### **3.24 Discriminatory Policy: Apple**

California-based technology company Apple Computer is the 7th most reputable corporation worldwide (Reputation Institute, 2014), and is also the globe's largest company based on market capitalization. On March 15, 2013, a China Central Television (CCTV) broadcast on World Consumer Rights Day criticized Apple for its alleged discriminatory iPhone warranty practices. A primary complaint was that certain defective products that were routinely replaced entirely to overseas customers, while Chinese customers just had their products repaired (Kan, 2013). Apple was referred to by CCTV as "unfair" and "arrogant" because of these practices (Kan, 2013). Apple is the 7th most reputable corporation worldwide (Reputation Institute, 2014), and is also the globe's largest company based on market capitalization.

Apple CEO Tim Cooked penned a letter to customers on its Chinese website in simplified Chinese characters on April 1, 2013 over this incident. This communication has been suggested as a success case for handling an international mea culpa (Lee, 2013). Analysis is based on an 812-word English translation published by *Forbes* magazine (He, 2013). The translator noted that Apple had not provided an English version itself, as the apology was "intended for Chinese consumers" (He, 2013).

Apple's Chinese apology letter empathized with its customers based on a "profound reflection" and desire to make "unremitting efforts" to provide good service; the company declared its "immense respect" and "enthusiasm" for China as a country and Chinese consumers collectively, and expressed its "sincere apologies" (He, 2013). Apple iterated that it had engaged in "profound reflection" on negative feedback from this incident and studied the "Three Guarantees regulations" alongside "government authorities" (He, 2013). No justification was provided for its prior repair policies, which are instead praised for resulting in "nearly 90%" satisfaction among customers in China, described as the "most important gauge by which Apple measures its success" (He, 2013). The language was formal and effusive, and went beyond merely referencing government regulators to actually state that Apple studies pertinent regulations "together with government authorities" (He, 2013). The company did not acknowledge any wrongdoing beyond "insufficient communications", but expressed an intention to allay "concern or misunderstanding" that may have arisen casting it as an "arrogant" enterprise (He, 2013). Those initial concerns with the policy were given a "heartfelt thanks for valuable feedback" (He, 2013); the term feedback (rather than "complaint" or similar) arguably diminished the perceived level of severity from Apple's point of view.

The communication by CEO Cook referred not only to affected consumers but also to the collective Chinese nation and civilization. It also referred to China's political institutions and professed that the company had been studying Chinese regulations alongside governmental officials. The foregoing statements were likely included because Apple recognized the historically strong role that the PRC government played in regulating the economic lives of its citizens.



It is plausible that Apple elected not to provide an English translation of the Cook letter because it was wary of potential negative feedback from consumers/investors in other countries arising from the relative effusiveness of this letter compared to other apologies (e.g., Apple Maps in 2012), highlighted by the flowery terms “profound reflection” and unremitting efforts”. However, the researcher notes that his own cultural biases (despite living in China for more than 10 years) may color the foregoing analysis. Because this incident arose over a claim of unfairness and arrogance rather than issues of competence, it is best classified as an integrity offense despite Apple’s language casting it as a communication issue. The statement took more than 10 days to issue following the CCTV broadcast and includes scapegoating elements; it is therefore classified as reactive.

### **3.25 Blue Screen: Kingsoft**

Founded in 1988, Kingsoft is an established Chinese software company known for its free office suite product introduced in 1995 (Kingsoft, 2017) as an alternative to U.S. rival Microsoft’s offerings (Zhang, 2008). In June 2013, Microsoft released a Windows operating system patch update that led to compatibility issues with users in China and abroad who also had Kingsoft’s security system installed on their computers (Sina.com, 2013). Affected users who installed the Microsoft patch had a blue screen appear on the computers informing them of a “login process initialization” failure that could not be bypassed or resolved (Sina.com, 2013). Microsoft informed users of the potential compatibility issue, and one day thereafter Kingsoft made an update available that fixed the problem. It was reported in the Chinese media that some domestic (Chinese) users initially understood Kingsoft’s communications to place the blame for the blue screen on Microsoft’s patch, whereas in Japan Kingsoft purportedly acknowledged its culpability and apologized to local (Japanese) users (Sina.com, 2013).

On June 14, 2013 Kingsoft security division representative Li Tiejun participated in a China Broadcasting Network radio discussion of the blue screen incident. A 541-word excerpt of his responses were published the same day by Sina.com in 2013, along with additional comments from a “well known telecommunications expert” named Zeng Jianqiu. In the interview, Li Tiejun offered an explanation that the antivirus driver at issue had been written three years prior and it was “very difficult” to assure compatibility with future software generations (Sina.com, 2013). An explicit apology was offered to “all users”, and those users impacted by the blue screen problem were offered 200 yuan (circa \$30) in credit that could be applied towards data recovery, computer maintenance, and other technical services (Sina.com, 2013). The availability of free customer service in the event of future problems was also mentioned (Sina.com, 2013). Representative Li also recited the impact of the recent Dragon Boat festival holiday on June 10<sup>th</sup> (two days prior) as a contributing factor to its decision to offer compensation (Sina.com, 2013).

Representative Li admitted to “insufficient preparations” with regard to the blue screen issue, thereby acknowledging a breach of its responsibilities (Sina.com, 2013). He stated that Kingsoft would “join together with other security companies” and engage in more advance communications with Microsoft to avoid a repeat of the problem, constituting an assurance of non-recurrence (Sina.com, 2013). It is stated in third-person that Representative Li “felt a bit helpless” with regard to the purported different statements offered to Japanese and Chinese users, but his response was that Kingsoft treated all users with equality (Sina.com, 2013). He went on to explain that a different business model was used for the product in Japan (free but with advertisements) versus China, and therefore any difference in response to Japanese users was not discriminatory but rather a result of “two completely different concepts” (Sina.com, 2013). The

foregoing constitutes a partial denial. Representative Li also opined that nationalist sentiment could be harmful if applied to commercial transactions (Sina.com, 2013).

The comments from security expert Zeng Jianqiu are generally supportive of Kingsoft. It was suggested that technical problems such as the blue screen bug at issue were a “normal phenomenon”, and a natural outcome of Microsoft’s “basically monopolized” position in the operating system market (Sina.com, 2013). However, Zeng observed two “shortcomings” of Kingsoft, namely its insufficient technical capabilities and “inadequate” public relations response (Sina.com, 2013). It was opined that Kingsoft could learn from Microsoft in the area of crisis management (Sina.com, 2013).

The statements from Kingsoft representative Li on the blue screen incident include an explicit apology for an acknowledged breach (“insufficient preparations”) that is likely strengthened by a compensation offer (valued at 200 yuan) and assurances of non-recurrence (more collaboration and discussions with Microsoft in the future). However, the apology may have been weakened by the justification and partial denial for allegedly responding more favorably to Japanese versus Chinese users. Li’s reference to “feeling helpless” with regard to the nationalism issue is a form of excuse in that it suggested the company had been unfairly caught up in a historical dispute that negatively impacted on its commercial expansion. Governmental entities comprise Kingsoft’s primary customer base in China (Zhang, 2008), which may explain why largely supportive comments were offered from security expert Zeng Jianqiu during the government-owned China Broadcast Network interview. Because this incident resulted from a technical glitch, notwithstanding the secondary nationalism issues it is best characterized as a competence violation. Li’s usage of scapegoating elements in his response classifies it as reactive.

### **3.26 "Deaf and Dumb": American Airlines**

American Airlines was founded in 1930 and began commercial air operations in the U.S. in 1936, and is now one of the world's largest air carriers (American Airlines, 2017). On March 27, 2014 a note was left by a contractor on the baggage of a traveling deaf couple at the Houston airport returning from a vacation trip to Hawaii via an American Airlines flight. The note read "Please text. Deaf and dumb" (Lee, 2014).

Later in the day on March 27, 2014, American Airlines issued a press statement in response to the incident (Lee, 2014). The media statement of 61 words declared that "We apologize to... [the couple]" for the "very poor choice of words" used by the staff (Lee, 2014). The statement stated American Airlines was "confident" there was no "ill will" at issue, but that it would "be following up" with its "team members" and contractor at the Houston airport (Lee, 2014). The statement ended by mentioning that the contractor was the responsible party for handling baggage in Houston (Lee, 2014), distancing itself from the breach as a form of excuse. No reference to compensation was made.

The explicit apology by American Airlines took the position that this transgression was a matter of language competence – "choice of words" – rather than an ethical breach. However, a family member of the couple said the offense was outrageous and cruel and unnecessary," and called on the involved "dumb" note-writer to be fired (Lee, 2014). Based on reported public perceptions of the event by this family member and negative media coverage, this transgression was an integrity violation arising out of community sensitivity. It is unclear if the involved contractor at the Houston airport had limited English ability and/or intentionally used words that were potentially hurtful. On March 28, 2014 American Airlines issued a second media statement

reaffirming that it had apologized to the family, and stating further that, “The handler, along with many other employees, will undergo sensitivity training” (Koenig, 2014).

Media reports linked to this event reference the employment by American Airlines and other industry competitors of “professional apologizers” for repeated service failures (Maxon, 2010). American also tracks passenger “happiness” scores, but still receives five times more complaints on average than Southwest Airlines (Maxon, 2010). According to a 2016 news report by Zhang, the pilots at American were exasperated and “tired of apologizing to passengers” based on incidents resulting from overcrowding and overbooking. This event in Houston appears to reflect both of these realities – the directness and swiftness of the apology was likely issued by a “professional apologist” (Maxon, 2010). Although American Airline’s response was quickly issued, the inclusion of scapegoating elements (excuse) classified it as reactive.

### **3.27 Hybrid Glitches: Western Digital**

Western Digital is a U.S.-based company founded in 1970 with an early focus on semiconductors, growing to become a leading global manufacturer of hard disk drives (Vincent, 2016). It acquired U.S. flash memory maker SanDisk in May 2016 for \$19 billion in an attempt to further transform its technology and “stay relevant” in an increasingly cloud-based world (Vincent, 2016).

Western Digital Corporation (WD) launched two hybrid products in 2014 called My Cloud and MyBook that provided local and Internet-based data storage in an attempt to compete with online competitors like Dropbox (Olenick, 2014). In March 2014, the company acknowledged that it was investigating connection problems with regard to these service (WD Community, 2014). However, user difficulties continued to escalate, with some complaining that “the service has failed more often than it’s worked” (Vaughan-Nichols, 2014). Another user

described the hybrid offerings as a “Fail. Fail. Fail. Never again a WD product” (Vaughan-Nichols, 2014). In the first week of April 2014 alone, 33 pages of user complaints were filed on the WD community website (Mellor, 2014).

On April 6, 2014 Western Digital President Jim Murphy sent a 298-word email to its hybrid drive customers regarding the online connectivity issue, which letter was subsequently posted by a customer on the WD Community website (Murphy, 2014) and republished by the media (Mellor, 2014). The communication’s subject line read, ‘Letter From WD President Jim Murphy’ and is time-stamped 4:45am on Sunday, April 6, 2014 (WD Community, 2014). Opening with the salutation “Dear Customer”, the letter’s first paragraph recited a “persona, sincerest apology” from the President for a “service disruption” that “you may have experienced” in the past week for its cloud-based products (WD Community, 2014). The apology was limited in scope by the qualifying clause, “If you have been directly affected by this...” (WD Community, 2014).

The letter acknowledged that WD had “a ...commitment to you” to provide “reliable, secure and easily accessible storage for your most valuable content” (WD Community, 2014). The foregoing is both an acknowledgement of a duty owed to customers as well as a declaration of its values. A limited acknowledgement of a breach was also offered, although the scope of the breach was restricted in three key respects:

**While your data has remained safe and accessible in your home or office, the service disruption may have temporarily prevented some of you from remotely accessing that content. We've dedicated the past week to restoring your remote access as quickly as possible** (WD Community, 2014).

The first limitation was with regard to product, as only the cloud-based component were admitted to have problems (“your data has remained safe and accessible in your home or office”). Second, the problems were restricted in terms of time with the adverb “temporarily”. Third, the breach was only acknowledged with regard to “some of you”, rather than all WD customers who purchased the hybrid storage products.

Assurances of future non-recurrence were offered in the last two paragraphs of the letter; the company stated that they “already have implemented important changes” over the past week, and would “continue our focus” to assure continuous service access by “working relentlessly”. A link was provided to the company’s main website page “wd.com”, which is stated to provide additional details about WD’s “personal cloud service restoration”. The letter acknowledged its awareness of the importance of data security for “you, your business, and your family”, and thanked customers for “invaluable” feedback. Language in the letter also positively framed WD as playing an important role to customers, with expectations that it would “...deliver the great products and services you have come to expect from WD”.

Although the letter from WD’s president offered an explicit apology for an acknowledged breach, it was likely weakened by language restricting its scope in at least four instances: “If you have been directly affected...” (paragraph 1), “While your data has remained safe and accessible in your home or office...” (paragraph 2), “temporarily”(paragraph 2), and “some of you” (paragraph 2) (WD Community, 2014). The delay in issuing an apology – one week – may also have weakened the April 6, 2014 letter, as earlier communications did not offer an explicit *mea culpa*. While the apology from President Murphy was prefaced with the adjective “sincerest”, there was no additional language in the letter describing any contrition, remorse, regret, or similar emotions felt by him or WD with regard to the breach. According to media reports,

customers also questioned WD's lack of transparency in the letter with regard to the problem's cause and fix (Mellor, 2014), perhaps exacerbated by the link to the company's main website page rather than an incident-specific source of information.

Because this incident related to performance issues rather than a moral breach, it is best characterized as a competence violation. While it appears that WD's response was issued within 10 days, its inclusion of scapegoating language classifies it as reactive.

### **3.28 GamerGate: Intel**

Founded in 1968, Intel Corporation is a Silicon Valley-based technology company with more than \$50 billion in annual revenue (Williams, 1997). In 2014 Intel became embroiled in a controversy referred to as "GamerGate" in August 2014 (Mullis, 2014), which revolves around claims of bias (ostensibly gender-related) within the gaming community and media coverage of the same (Tassi, 2014). After video game website Gamasutra was criticized by the '#Gamergate' group for publishing an article by Leigh Alexander that was perceived as disdainful of male gamers as "angry young men", Intel removed its ads from the website in early October (Tassi, 2014). Intel was then criticized by others in the gaming community for trying to silence female voices within the industry (Tassi, 2014).

On October 3, 2014 Intel issued a press release on its website in response to the Gamergate / Gamasutra matter (Intel, 2014). The 147 word statement was not credited to a particular person within the company. It was acknowledged that Intel was no longer advertising on Gamasutra, but also declared that Intel was not "taking sides" in this "increasingly bitter debate" (Intel, 2014). The statement said Intel "believes men and women should be treated the same", and that "diversity is an integral part of our corporate strategy and vision with commitments that improve the diversity of our workforce" (Intel, 2014). The company said that



it did not support “any organization or movement” that “discriminates against women” (Intel, 2014). It closed by stating that “we apologize and we are deeply sorry if we offended anyone” (Intel, 2014).

Intel’s statement included an explicit apology for offending anyone, and includes a refutation that it is taking sides in the Gamergate debate. However, since the second to last sentence referred to a policy not support any group or movement that was discriminatory towards women (not women and men, or free speech advocates) it is reasonable to conclude that the apology was primarily focused on those opposed to the #Gamergate position. Supporting the foregoing, in January, 2016 Intel joined an anti-harassment online organization along with others such as the Lady Gaga foundation (Conditt, 2016). This action was described as a “step further” in alignment with its earlier GamerGate statement (Conditt, 2016). Since this matter pertained to notions of fairness and ethics rather than competence, the incident is best characterized as an integrity violation. Although the response from Intel was issued within 10 days of its ad removal (perceived transgression), its inclusion of scapegoating elements classifies it as reactive.

### **3.29 US Flags on MLK: Tencent**

Tencent is media and technology holding company founded in 1998 (CrunchBase, 2017). Based in Shenzhen, China, its current market value is in excess of \$200 billion (CrunchBase, 2017). In an effort to commemorate the 2015 Martin Luther King Jr. Day for American users of Tencent’s WeChat application on January 19th, U.S. flags were programmed to flutter across the screen anytime the English words “civil rights” were typed into a message (Kim, 2015). This functionality was mistakenly enabled for users in Hong Kong and China as well, to the apparent outrage of some Chinese users (Kim, 2015). After learning of the glitch, the application was quickly modified and a statement to WeChat’s Chinese consumers was

issued. Much of the criticism in China related to lack of parallel functionality for references made to the Chinese flag and other national symbols (Ong, 2013).

A 14-word statement was issued by Tencent to Chinese consumers via a WeChat microblog post on January 19, 2015, the same day the incident arose (Jie, 2015). While no explicit apology was rendered, nor were the terms “apology”, “sorry” or “regret” included, the communication began by imploring customers to forgive the transgression, constituting a form of explicit contrition:

**Please forgive us for any misunderstanding caused! WeChat’s road towards internationalization is not easy!** (Jie, 2015)

The researcher notes that while multiple sources reported only the 14-word statement above in connection with the January 19, 2015 Weibo post, it is possible that the original communication (currently inaccessible to the researcher in the U.S.) was longer or accompanied by further clarifications. A CNN story (Jiang, 2015) stated that the apology appeared as part of an explanatory post describing the Martin Luther King functionality outside the U.S. as a mistake, but did not provide the full text. It is plausible that the CNN story was referring to multiple Weibo posts on the same day, however.

The language in the statement departed from similarly reviewed incident response communications researched in the U.S. and China in that it asks customers (understood subject) to “forgive us for any misunderstanding caused” rather than directly making a statement of apology or admission of a blunder. The reference to internationalization as an uncertain road implied acknowledgement of a mistake and also functioned as an excuse (i.e., the problem happened because “internationalization” is hard).

Tencent's letter did not offer any compensation other than the apology itself. Instead of the intended showcasing of technical expertise with regard to an "easter egg" function, a lapse in cultural sensitivity occurred. Insensitivity to cultural differences has been blamed by some technology bloggers as a reason for WeChat's international expansion problems (Custer, 2016). Although this incident arose from an apparent technical glitch, it was portrayed in the media as an ethical breach arising out of insensitivity and is thus categorized as an integrity violation. Although Tencent's response was issued on the day of the transgression, the inclusion of an excuse classifies it as reactive.

### **3.30 TurboTax Pricing: Intuit, Inc.**

Intuit, Inc.'s TurboTax product is the leader in the tax preparation software market, with 28 million returns in 2013 compared to 7 million for runner-up H&R Block (Novach, 2015). In January, 2015 some users of Intuit Inc.'s TurboTax Deluxe software complained vocally online and to the media about an "unconscionable" decision to offer its software for tax year 2014 at the same price as the 2013 version despite removing the ability to file commonly used schedules (C, D, E, and F) free of charge (Saunders(a), 2015). In order to file the additional schedules, users of the CD or download version of TurboTax Deluxe were forced to upgrade to a Premier (\$30 higher list price) or Home & Business (\$40 higher list price) version (Novach, 2015). Online and mobile versions of TurboTax Deluxe had not previously offered the schedule filings free of charge, so their users were unaffected.

Intuit Vice President Bob Meighan stated in a January 9, 2015 *Forbes* media report that affected customers could call a toll-free number to reach an agent with the "discretion to do what's necessary", including a free upgrade or discount (Novach, 2015). It was also reported that rival H&R Block was offering a free download of its competing product (allowing for tax

schedule filings at no additional cost) to any TurboTax user emailing in a statement of their Intuit receipt or download code (Novach, 2015).

On January 22, 2015, two weeks after the TurboTax Deluxe controversy erupted, TurboTax General Manager Sasan Goodarzi issued a 531-word statement to affected customers on its official company blog described as an apology by media outlets such as *The Wall Street Journal* (Saunders(b), 2015) and *Forbes* (Novach, 2015). The statement was in the form of a scanned letter signed by the hand of Mr. Goodarzi, “Sincerely” issued on behalf of himself and “the TurboTax Team” (Intuit, 2015). The subject line for the letter stated, “An Apology to Our TurboTax Desktop Customers”, and featured a color photograph of the General Manager beneath it (Intuit, 2015). It declared in the opening paragraph via passive voice that the General Manager was “very sorry” for the “anger and frustration we may have caused you” (Intuit, 2015). A third reference to contrition appeared in the letter’s closing paragraph: “I deeply regret the anger and distress we have caused”, again in passive voice (Intuit, 2015).

Opening with the statement, “We messed up” in the body of the letter, it is acknowledged that TurboTax “did not live up to the standards of excellence” expected (Intuit, 2015). In other words, the company breached its responsibilities. While Mr. Goodarzi admitted that the company “let down” its customers, a lengthy explanation of the reasons for making the “changes” at issue (i.e., charging for additional schedules) attributed the decision to positive intentions. He stated that the changes were implemented to reduce “customer confusion”, make things “easy” for them, and “introduce new innovations”, but were simply not “matched with great execution” during the ongoing “transition year” (Intuit, 2015), ostensibly justifying the core decisions behind the breach. The letter did not clearly differentiate the CD and downloadable versions of TurboTax Deluxe from its online and mobile counterparts, which had never offered

the additional filings for free (Novach, 2015). Differing price structures for different product versions were only vaguely referenced by the statement, "...the tax scope and features they included, began to differ" (Intuit, 2015).

Intuit was characterized as having a "long history of doing right by our customers" and in possession of "standards of excellence" that were admittedly not lived up to "in this instance" (Intuit, 2015). The foregoing statements comprised a form of excuse, in that the breach at issue was framed as an aberration in performance. It was stated that all repeat purchasers of TurboTax Deluxe in 2014 who subsequently upgrade to a more expensive version would be entitled to receive a \$25 refund, thereby "reducing the immediate and unexpected financial impact" (Intuit, 2015). A weblink was offered for qualifying users to submit a refund request after filing their 2014 taxes (Intuit, 2015).

The January 22, 2015 letter from TurboTax regarding the upgrade controversy was very contrite, as it explicitly recited the terms "apology", "sorry", and "regret" (Intuit, 2015). The expressed contrition was likely strengthened by the acknowledgement of user "anger", "frustration", and "distress" for a breach, as well as the offer of a \$25 credit. However, the offered apology from TurboTax was also likely weakened by its delay in issuance – two weeks after the controversy emerged – and the excuses and justifications offered for altering a pricing model that made no reference to a profit motive. Further, the letter only vaguely referenced the differences between competing product versions (CD and downloadable version versus online and mobile). According to media reports, some users were unsatisfied with the imprecise price structure justifications offered in the January 22, 2015 letter (Novach, 2015). The Amazon review rating for TurboTax Deluxe 2014 was 1 and ½ stars out of 5 on January 22, 2015, compared to 4 stars for the 2014 version (Novach, 2015). The most up-voted review comment

on Amazon stated, “I hate being gouged, and I hate weasel word explanations even more” (Novach, 2015).

On January 23, 2015, Intuit CEO Brad Smith posted a LinkedIn article entitled “In Business, Love Means Having to Say You’re Sorry,” which included a written and videotaped explicit apology (Smith, 2015). In the letter, he acknowledged that the company “didn’t go far enough” to address the incident, and linked to the prior day’s apology from GM Goodarzi. Notwithstanding Intuit’s framing of this incident as a forward-looking change aimed at improving the customer experience across all platforms, most affected customers appeared to process it as unfair overreaching. Thus, it is best characterized as an integrity violation. Although the response from Intuit was issued within 10 days of the controversy’s emergence, its inclusion of scapegoating language classifies it as reactive.

### **3.31 Superfish: Lenovo**

Lenovo, a Beijing-based technology company, is the world’s largest seller of personal computers (Lenovo, 2017). The company acquired IBM’s entire personal computer division in 2004 and maintains a large U.S. footprint (Lenovo, 2017). In early 2015, Lenovo became the focus of negative media attention because of an alleged malware product called Superfish pre-installed on some of its computers sold in the United States (Masnick, 2015). The first identified complaint appearing on Lenovo’s customer forum website was dated September 21, 2014 (Lenovo Forums, 2014).

On February 19, 2015 a 245 word press release on the Lenovo website was released to address concerns with Superfish (Lenovo, 2015). The statement referenced “consumer complaints” about its “third-party software” Superfish, which is described in a parenthetical note as “based in Palo Alto, CA” (Lenovo, 2015). The initial sentences in the statement outlined

Lenovo's efforts to provide a "great user experience for customers" and notes that "millions of people rely on our devices" (Lenovo, 2015). The Superfish product was described as an attempt to "enhance our user experience" and "improve the shopping experience", and was not acknowledged as flawed outside of a vague reference to "any possible security issues now or in the future" in paragraph three (Lenovo, 2015). Nonetheless, Lenovo stated its desire to "apologize for causing any concern to any users for any reasons". Also referenced were the halting of preinstallations of Superfish, disabling of server activation thereof, and inclusion of online resources to help users remove it from their computers (Lenovo, 2015).

The February 19, 2015 press statement also stated "To be clear" that its ThinkPad notebook line was never pre-installed with Superfish, nor were other products outside of certain non-ThinkPad laptops (Lenovo, 2015). The company committed to "learning what we can do better", talking with partners and users, etc. in order to improve user experiences in the future. At least two technology blog sources referenced an additional communication from Lenovo in the statement – "We have thoroughly investigated this technology and do not find any evidence to substantiate security concerns" – but at as of January 15, 2017 the language was not included on the Lenovo website press release dated February 19, 2015 (Masnick, 2015; Duckett, 2015). Therefore, it appears that either multiple bloggers mistakenly referred to another document or, alternatively, that Lenovo retroactively deleted the statement.

Notwithstanding the February 19, 2015 press release, criticism of Lenovo over Superfish concerns continued thereafter (Duckett, 2015). In response, Lenovo's Chief Technology Officer issued a 565 word statement with the header "Superfish Update – An Open Letter from Lenovo CTO Peter Hortensius" on the company's blog on February 23, 2015. This letter sufficiently demonstrated to some observers the Lenovo was admitting a mistake and taking ownership of the

issue, and affirmatively acknowledged a “security vulnerability” (Ellison, 2015). It explicitly accepted that Superfish was not “adding value” to user experiences (Ellison, 2015). Additional steps were also outlined to help users remove Superfish from their machines. However, no acknowledgement of responsibility was offered (Superfish was a third party app) nor were “mistake”, “fault”, or similar words offered.

One plausible reason Lenovo had problems addressing this incident for U.S. consumers was the presumable lesser expectation of data privacy in China, as evidenced by the ubiquitous Green Dam software and “Great Firewall” that blocks certain web content and overseas websites. In a press release on Lenovo’s Chinese website dated February 22, 2015 (one day before the CTO’s apology), the company issued a press release in Chinese of a similar length (511 words translated into English) (Lenovo China, 2015). The wording was similar to the US press release except that references were made to (1) the damaging of Lenovo’s overseas markets, (2) a warning from the US Department of Homeland Security about deleting the software, (3) Superfish being a California company, and (4) Lenovo’s status as the world’s largest PC maker (Lenovo China, 2015). The Chinese press release was largely a statement of explanation, as the affected computers were apparently only sold in the US. The perceived transgression for the Chinese public appears to be more competency-based (i.e., management miscues) rather than integrity-based (trust issues).

In the U.S., the negative media reception to Lenovo’s delayed apology and reports of class action lawsuits filed against the company (Masnick, 2015a) may have necessitated a more formalized response that did not specifically reference mistakes or problems caused by Superfish in order to shield it from liability. The issuance of a comparable Chinese-language statement one day earlier from the CTO’s letter (assuming the differential did not wholly arise from time



difference) indicated that executives in China may have approved (or translated) the apology before it was delivered in America. Lenovo's failure to offer an individual-level remedial measure beyond removal of Superfish itself (such as a discount code on future orders or offer of product exchange) is another plausible explanation for the negative reaction from U.S. consumers. Because Lenovo's response was issued months after complaints about Superfish first arose on its own forum pages, and also contained a denial and excuse, it is classified as reactive.

### **3.32 AI Statements: Baidu**

Baidu is a Beijing internet company founded in 2000 with more than 45,000 employees (Baidu, 2015). Its search engine baidu.com is commonly recognized as the Chinese equivalent to google.com. In 2014/2015 Baidu participated in an ongoing China-based technology competition. Initially the company claimed a purported superior performance compared with search engine rivals google and Microsoft in recognizing images (McMillan, 2015). At a technology conference in California in early 2015, a Baidu representative stated, "Our company is now leading the race in computer intelligence" (Chen, 2015). However, it later emerged that Baidu had broken the rules of the competition by making too many submissions with too many accounts and was banned from participating for one year (McMillan, 2015).

On June 2, 2015 a Baidu representative posted a 146-word statement on a research journal website over this incident (Novett, 2015). The note stated, "We apologize for this mistake", and did not profess any intentional wrongdoing (Novett, 2015). Rather, the note professed that "We are staunch supporters of fairness and transparency..." and "...are committed to the integrity of the scientific process" (Novett, 2015). It was stated that Baidu would establish "processes" to prevent a reoccurrence and provide updates "as our understanding of the results

improves” (Novett, 2015). The statement factually acknowledged that 200 submissions were uploaded during the project, in violation of its rules (Novett, 2015).

While Baidu explicitly apologized for this incident, the June 2, 2015 statement appeared to have made light of any wrongdoing by classifying their conduct in over-submitting as a mistake. At the same time, the company indicated that it shared values of fairness and transparency, arguably representing a paradox in that the number of exceeded submissions over an extended time period appears to have been intentional. Based on the numerous media accounts casting this incident as cheating, it is best characterized as an integrity offense. While it is unclear if the June 2, 2015 statement was issued within ten days of the controversy’s emergence, its inclusion of denial and excuse elements classifies it as reactive.

### **3.33 False Grizzly Data: Amgen**

Amgen is a U.S. biotechnology company founded in 1980 (Amgen, 2017). A journal article published in 2014 by *Cell Metabolism* and co-authored by a researcher from pharmaceutical company Amgen was retracted on September 1, 2015 after accusations of data falsification were reported in the media on the same day (Rockoff, 2015). The data in question pertained to an obesity and diabetes study of grizzly bears jointly conducted with outside academic researchers from multiple universities (*Cell Metabolism*, 2015). According to an unconfirmed anonymous blog post, the Amgen employee responsible for the false data subsequently left the company, and a “higher up” Amgen supervisor was also fired (Chemjobber, 2015).

A September 1, 2015 retraction was issued by the unnamed corresponding author from a public university and was viewable on the *Cell Metabolism* publicly-available website. The 101 word retraction stated Amgen had requested the retraction based on an “internal review” that led

to a determination of data manipulation in two published article by “one of the Amgen authors” (*Cell Metabolism*, 2015). The retraction further declared that the academic authors for the articles from two universities (Washington State University and University of Idaho) were “confident” that overall physiological data relied on for the article was “accurate and representative” (*Cell Metabolism*, 2015). It was further mentioned that these two authors were repeating the “mechanistic portions” of the study, which were implicitly implicated as the manipulated component of the data (*Cell Metabolism*, 2015). The last sentence of the note shifted the subject and tense from plural first person to third person, stating that “Amgen deeply regrets this circumstance and extends their sincere apologies to the scientific community” (*Cell Metabolism*, 2015).

This transgression involves multiple modes of responsibility, since it arises from an ethical breach by one (or more – unclear) internal individual Amgen contributor(s) to a collectively submitted journal article by multiple authors, including at least two university professors. The awkward wording and mixed pronoun usage in the retraction can be attributed to the need to parse responsibility for the offense among Amgen as a corporate entity (and presumed financial backer of the study), the internal Amgen employee(s) who compiled and manipulated the data, the individual outside authors of the paper, the two (or more) universities where the outside authors are employed, the *Cell Metabolism* journal itself, and arguably the broader field of medical research.

While Amgen is credited with uncovering the false data, the “sincere apology” issuance was attributed solely to it (as a corporate entity) in the retraction’s final sentence. The intended recipient of the apology was framed and limited to the “scientific community,” whereas it should arguably have been widened to include the broader public who may conceivably have been

rendered faulty medical treatment because of the false data. However, since the retraction was publicly available, and was widely reported by the media (certainly aware of the obesity problem in the US) it is characterized as a form of public apology. The individual academic authors of the paper attempted to shield themselves and their universities by distancing themselves from the breach by affirming the overall validity of their findings (notwithstanding the acknowledged faulty “mechanistic” research-based figures in the article). It is unknown if the data manipulation could foreseeably have been uncovered by the outside authors upon independent analysis.

The data manipulation appears to have been purposeful in this incident, as the falsification of data implied knowledge rather than any random (or even careless) error or mistake in handling data. According to a *Wall Street Journal* story by Rockoff in 2015, the data “...had been changed in a way the company said made some of the results look stronger”. The foregoing statement implies that the manipulation was intentional and motivated by a desire to improve (and thus misconstrue) the research outcome. The reported misconduct at issue is compounded by the potentially life-saving nature of the disease treatment at issue (Rockoff, 2015). The alleged purposeful, knowing, and intentional misconduct at issue characterizes this offense as an integrity violation. Although the statement issued on the *Cell Metabolism* website appeared the same day it was reported in the media, its inclusion of denial and excuse elements classify it as reactive.

### **3.34 Lightroom: Adobe**

Adobe Systems Incorporated is a U.S. information technology company founded in 1982 (Adobe, 2017). In fall 2015 Adobe released a new photo software product called Lightroom.

Multiple customers complained to the company over technical problems installing and using the product (Hogarty, 2015).

On October 10, 2015 Adobe Director of Product Management Tom Hogarty issued a “Release Update and Apology” on the company website for the Lightroom application (Hogarty, 2015). The informal letter of 398 words was signed “Sincerely”, and issued on behalf of Hogarty and the “Lightroom Management Team” (Hogarty, 2015). Two days later, Hogarty added a note to “let folks know” that “I’m” (Hogarty) reading all customer feedback, and thereafter issued a second update linking to the release of a corrective product edition (Hogarty, 2015). The October 12 update by Hogarty referenced that he had received “432 comments and counting” on the issue since his first statement (Hogarty, 2015).

In the letter, Hogarty took the opportunity to “personally apologize” for the “quality” of an earlier release of the software product called Lightroom (Hogarty, 2015). Although he stated that his team “cares passionately” about customer experience, he acknowledged that they “failed on multiple fronts” with the initial unstable product with a “significant crashing bug” (Hogarty, 2015). However, an excuse was offered that the scope of the offending bug was “unclear”; although it was admitted that Adobe made the “incorrect decision” to ship the product anyway as it contemporaneously worked towards a solution (Hogarty, 2015).

Hogarty referenced other performance lapses such as an insufficiently simple “import experience” that is was explicitly stated to be “daunting”, “overwhelming,” and “not tenable” for customers (Hogarty, 2015). He admitted the company had not communicated well on effecting internal product changes outside of the prior 14-month public beta window, which actions “failed the original core values of the product and the team.” (Hogarty, 2015). Hogarty declared his

team would “work hard” to restore trust and restore the positive dialogue with customers it had enjoyed during the beta testing phase (Hogarty, 2015).

Because none of the product failings with Lightroom were intentional or involved misconduct, it is an example of a competence violation. Since the apology was explicit, and the acknowledged failures quite significant (“significant” bugs in a product that “failed on multiple fronts”), the inclusion of a vague excuse (“unclear” scope of the bug) arguably weakened it. The stressing of two-way communication with customers, and direct response to 423 comments on the initial statement, indicate the importance of community testing for software companies. Although the apology was issued within 10 days of the Lightroom launch, it’s inclusion of an excuse (scapegoating element) classifies it as reactive.

## **4 Analysis**

Section 4 analyzes the 34 apology texts based on chronology (Section 4.1), word counts (Section 4.2), and apology elements (Section 4.3). Building on the foregoing analysis, Section 4.4 proposes a model to define the key elements of an organizational apologies. Section 4.5 analyzes the apology texts based on their typology (incident descriptions, proactive versus reactive stance, Marketing Mix alignment, and SERVQUAL alignment). Cross-border findings are then presented in Section 4.6.

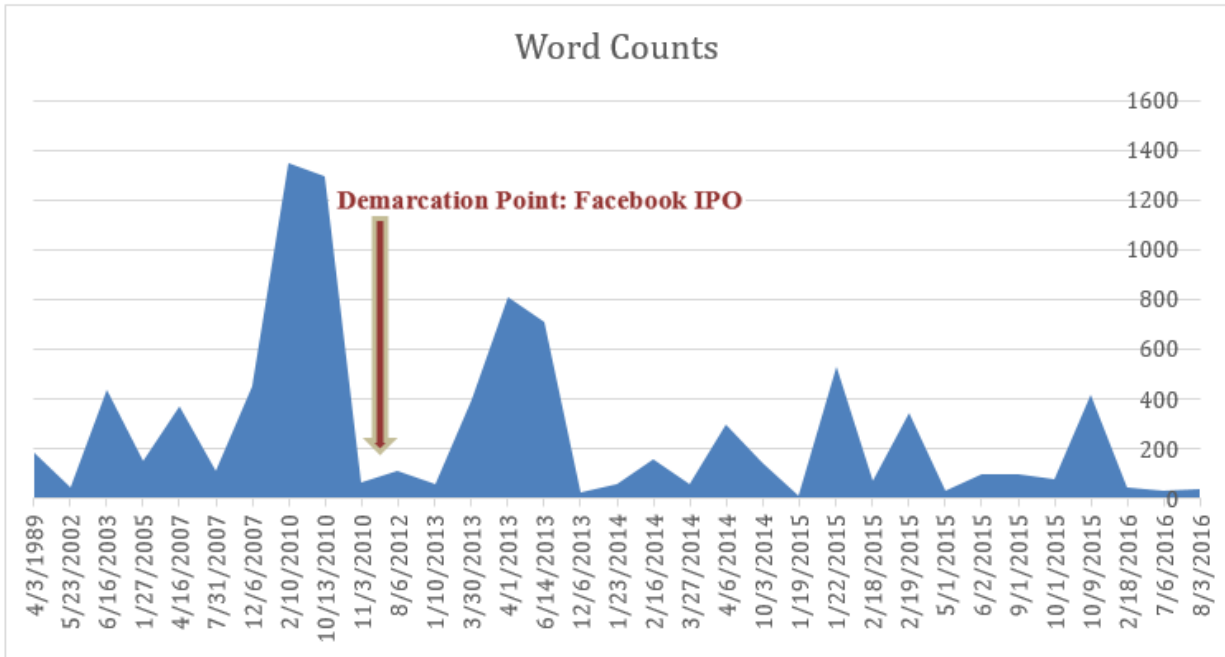
### **4.1 Chronology**

The apology texts were chronologically ordered from oldest to newest in Excel, excluding the eBay delivery apology (issued in bulk between 2009 and 2012). All of the apologies were digitally issued except for the oldest event, the 1989 Exxon *Valdez* oil spill, and the 2014 Chevron Pizza as Apology incident. The *Valdez* apology was in the form of a letter from the company’s CEO placed as an advertisement in newspapers around the U.S. The Pizza

as Apology communication was in the form of a letter from an unnamed person(s) at The Chevron Community Outreach Center. Both of the non-digital apologies were criticized in the media as mea culpa misfires (Holusha, 1989; Colaneri, 2014). Chevron's utilization of "snail mail" as a delivery mechanism may have stemmed from a desire to further distance itself from the breach by avoiding a more public (and widely viewable) online statement, supported by its issuance from an unnamed source.

A plot of the events by date visually indicated that older apologies were lengthier than more recent apologies, as shown in Figure 4 below. A demarcation line emerged in 2012, coinciding with the advent of "Social Media 2.0", the adoption of smartphones as a primary tool for social interaction (Leiter, 2012). The increasing tendency of Internet users to access information on smaller smartphone screens (compared to PCs) is a plausible factor behind the lower word counts of more recent apologies, as the abbreviated statements are easier to read on small devices. Because Facebook launched its IPO on May 18, 2012 (Pepitone, 2012), this date was used as a divider between the "older" and "newer" apologies. Nearly two out of three U.S. individuals now get their news via social networks, with 44% relying on the Facebook platform (Leetaru, 2016). The foregoing supports the researcher's usage of Facebook's IPO as a dividing point. In further support, the "SorryWatch" website launched in June 2012, just one month after the Facebook IPO. SorryWatch is operated by two journalist "SorryWatchers" who have both published media articles on apologizing (McCarthy & Ingall, 2012).

**Figure 4: Word Counts Over Time**



Ten of the events were classified as older, and 24 events were classified as newer. The older apologies averaged 446 words each, while the newer apologies averaged 195 words each. Using Twitter’s IPO on November 7, 2013 (Shefrin, 2013) as an alternative demarcation line would not have impacted the findings, as the average word count for events between Facebook’s IPO and Twitter’s IPO (417 words) did not significantly diverge from the pre-Facebook IPO events (446 words).

Older apologies were also found to incorporate more scapegoating elements (attacks, denials, justifications, and excuses) than newer apologies. All of the older apologies included at least one scapegoating element (*Valdez* oil spill was the exception) with 20 cumulative instances appearing among the 10 older events. By contrast, ten of the newer apologies did not include any scapegoating elements, and only 16 cumulative instances appeared among the 24 newer events. This finding likely related to the brevity of newer apologies (i.e., there are simply fewer words available for non-critical apology elements).



## 4.2 Word Counts

The average length of the apology texts was 269 words. Because no clear demarcation line emerged among the events based on word counts, the apology events were divided evenly into 17 shorter apologies and 17 longer apologies for analysis. The five shortest apologies all related to community sensitivity and all utilized passive voice. Longer apologies were twice as likely to name an individual person as the issuer (14 out of 17 events) compared to shorter apologies (7 out of 17 events).

Community sensitivity apologies were likely shorter because they tended to be issued more quickly; for example, the 2015 apology from Starbucks for the Armenians/Flag issue was responded to within several hours of the initiating Facebook post. When a quick response is needed to prevent a negative story from going viral, less time is available for composing a formal statement. The responses are also more likely to be auto-generated (like the 2009-2012 eBay Delivery Stumbles apology). Community sensitivity issues are also more likely to involve competing perspectives from different stakeholders – such as the 2014 Intel GamerGate statement (acknowledged as a “bitter debate” between camps) (Intel, 2014), and the 2014 Bed Bath & Beyond Irish Christmas letter (offended Irish-Americans versus those critical of “political correctness”). Therefore, companies responding to this type of offense may be wary of over-speaking, bringing to mind the childhood proverb, “If you can’t say something nice, don’t say anything at all”. The foregoing may also explain why individual persons would seek to avoid being named as an issuer – doing so would risk being dragged into a “bitter debate” (Intel, 2014).

The 13 proactive apologies had an average word count of 89, whereas the 21 reactive apologies averaged 381. One reason why proactive apologies were shorter was likely the speed

of issuance – the first prong of the researcher’s reactivity test was issuance 10 or more days (from time of perceived transgression). Another reason was the second prong of the proactivity test – inclusion of scapegoating elements – as inclusion of these elements lengthened the apologies by definition. Six of the 13 proactive apologies sprung from community sensitivity, and three emerged from industrial accidents. Community sensitivity matters are likely addressed quickly to dampen their viral potential, whereas industrial accidents by nature necessitate prompt communication with local residents due to public safety concerns. The foregoing likely explain why proactive apologies were significantly shorter than reactive apologies.

It was also found that Chinese company apologies averaged 313 words, whereas the U.S. company apologies averaged 248 words. Considering the transgression location without regard to national headquarters, apologies issued in China averaged 399 words, while those issued in the U.S. averaged just 207 words. The foregoing suggests that Chinese consumers expect a lengthier apology. While the shortest apologies by word count were all from Chinese companies apologizing to Chinese customers, they were also in response to community sensitivity offenses, which had the lowest average word counts as a category.

Because two of the three lengthiest apologies were in an interview format, which may have inflated the word counts, a separate analysis was undertaken after excluding these two events (2010 Marvel Tea Party and 2013 Blue Screen). However, the difference between older (345 word) and newer texts (173) was still stark.

### **4.3 Apology Elements**

Seventeen elements that potentially impact on the apology process were identified among the apology texts during the summarization, coding, and review process. The identified elements were “apologize”, “sorry”, “regret,” or “forgive us” (collectively referred to herein as explicit

statements of contrition), assurances of non-recurrence, explanations, responsibility acknowledgements, named issuer, bracketing, customer references, values statements, excuses, compensation offers, denials, justifications, government or nation references, attacks, self-punishment, empathy expressions, and user references. Three additional sub-elements relating to statements of contrition were also identified: passive voice, positive contrition modifiers, and contrasting or conditional contrition signals.

The frequency of each element and sub-element is set forth in Appendix G, along with its apparent primary function. Each element and sub-element is individually analyzed below.

#### **4.3.1 Elements of Contrition**

Assurances of non-recurrence (25) and responsibility acknowledgements (22) were the most frequently included elements used to convey contrition other than explicit communications such as “apology”, “sorry”, “regret”, or “forgive” (29). Values statements (15) and compensation offers (11) were the next most frequently included elements used to convey contrition, and were each included in three of the five cases without an explicit apology (“non-apology apologies”). In multiple cases, corporations were also found to offer compensation in parallel or subsequent to the initial apology statement (e.g., ATVI in 2015 and CSX in 2002). The five non-apology apologies all included an assurance of non-recurrence. The foregoing suggests that organizations universally rely on a combination of five key elements to convey contrition – explicit statements of contrition, assurances of non-recurrence, responsibility acknowledgements, compensation offers, and values statements. Table 9 below sets forth the frequency of these key contrition elements.

**Table 9**

#### **Contrition Elements**

Element	#	Function
“Apologize”	26	Convey Contrition (Explicit)
“Sorry”	6	
“Regret”	4	
"Forgive Us"	1	
<i>NO STATEMENTS OF CONTRITION</i>	(5)	
Statements of Contrition (1 or more)	29	
Assurance of Non-Recurrence	25	Convey Contrition
Responsibility Acknowledgements	22	Convey Contrition
Values Statements	15	Convey Contrition
Compensation Offers	11	Convey Contrition

The 34 apology texts were grouped based on their inclusion of these five elements, resulting in 17 combinations as set forth in Table 10 below.

**Table 10**  
**Element Combinations**

No.	Elements	Events (Total #)
1	Contrition	TaoBao MLK (1)
2	Assurance	BAE Intern (1)
3	Contrition + Assurance	False Grizzly, WeChat, Deaf and Dumb, Irish Xmas, Racist Hack, Refinery Fire, Mayflower Accident (7)
4	Contrition + Values	Lolita advert (1)
5	Contrition + Compensation	Slavery Policy (1)
6	Contrition + Acknowledgement	IM Dispute, Marvel Tea Party, Comcast Outage (3)
7	Contrition + Assurances + Values	Superfish, Armenians/Flags (2)
8	Assurances + Acknowledgement	Tony Hawk 5 (1)
9	Contrition + Assurances + Compensation	Delivery Stumbles (1)
10	Contrition + Values + Acknowledgement	GamerGate, Union Billboard (2)

11	Contribution + Assurances + Acknowledgment	Sprinter, JX Online, Valdez (3)
12	Assurances + Values + Compensation	Pizza Apology (1)
13	Assurances + Compensation + Acknowledgement	Warcraft Servers (1)
14	Contribution + Assurances + Values + Acknowledgement	False AI, US Flags on MLK, Hybrid Products (3)
15	Contribution + Values + Acknowledgement + Compensation	
16	Contribution + Assurances + Acknowledgement + Compensation	Fairy Bio (1)
17	Contribution + Assurances + Values + Compensation + Acknowledgement	TurboTax, Apple@China, Lightroom Glitches, Blue Screen of Death (4)

### 4.3.2 Scapegoating Elements

The inclusion of excuses (14), denials (9), justifications (8) and/or attacks (5) emerged as an important category of elements utilized to limit the issuer’s responsibility for a transgression. They were most often applied by shifting blame to a third party, and were thus collectively termed “scapegoating elements”. Scapegoating elements were more likely to be included if acknowledgements of responsibility or values statements were omitted, and appeared to reflect a reactive strategy. While explanations (23) and bracketing language (20) were also frequently included, no clear pattern of usage and/or purpose emerged. Table 11 below sets forth the frequency of the four identified scapegoating elements.

**Table 11**

### **Scapegoating Elements**

<b>Element</b>	<b>#</b>	<b>Function</b>
Excuses	14	Limit Responsibility
Denials	9	Limit Responsibility
Justifications	8	Absolve Responsibility
Attacks	5	Limit Responsibility

#### **4.3.3 Non-Critical Elements**

The other elements and sub-elements appeared less critical, with their functionality varying based on contextual factors such as nationality, industry, incident severity, company culture, and/or the individual issuer’s personality. Whether an issuer was named (21) or unnamed (13) was found to be relevant with regard to word count (with lengthier apologies more likely to be named) and incident type (community sensitivity apologies were more likely to be unnamed). Inclusion of government/national references (8) appeared to be a key factor for apologies issued within China only; apologies from U.S. corporations tended to include these references only in cases arising from an industrial accident. Self-punishment (4), empathy expressions (4), and puffery (4) were infrequently incorporated as elements.

#### **4.3.4 Apology Templates**

Based on the emerging key elements included in organizational apologies to convey contrition (Section 4.3.2) and limit responsibility (Section 4.3.3), twelve apology templates emerged. These twelve templates capture the primary responses utilized by organizations based on the type of transgression at issue and antecedent concerns regarding their “viral” potential, risk of legal liability, availability of an easy fix, and whether blame can reasonably be shifted to third parties. Table 12 below sets forth the antecedents, Marketing Mix typology (and SERVQUAL when overlapping), apology elements, and predicted consequents for each of the twelve templates. The templates are attached hereto as Appendix H, based on elements that emerged from the 34 apology texts (with identifying information removed). Because

Compensation was sometimes offered by organizations in parallel with or shortly following an initial apology, this additional element was included in the templates derived from such cases as an optional item (e.g., Non-Apology 1A, based on the 2002 CSX case). Although Explanations were included in 23 of the apology texts, there was no discernable usage pattern. Explanations were sometimes used to define the context (topic), other times to limit liability, and other times to boost an organization's image. For this reason, Explanations were not identified as a critical apology element in the Templates.

**Table 12**  
**Organizational Apology Templates**

#	Template	Antecedents	Type	Elements	Consequents
1	Non-Apology Apologies (3 Types)	Must respond quickly to avoid “going viral”; no time for executive review (A)	Product, Price, or Place (Non-Accident)	Assurance, Compensation*, Acknowledgement**, Values**	Issue executive apology later
		Seek to limit adverse legal consequences (B)	Place / Tangibles (Accident)	Assurance, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later
		Seek to limit adverse legal consequences AND can plausibly blame 3 <sup>rd</sup> Party (C)	Product	Assurance, Compensation*, Scapegoating Language	Consider legal action versus 3 <sup>rd</sup> Party
2	Product Apologies (3 Types)	No Easy Fix, No 3 <sup>rd</sup> Party to Blame (A)	Product	Explicit Contrition, Assurance, Acknowledgment, Compensation*, Values	
		Easy Fix, No 3 <sup>rd</sup> Party to Blame (B)	Product	Explicit Contrition, Assurance*, Acknowledgment, Compensation*, Values	Make Easy Fix
		3 <sup>rd</sup> Party to Blame (C)	Product	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)

3	Promotion / Empathy Apologies (3 Types)	Easy Fix, No 3rd Party to Blame (A)	Promotion / Empathy	Explicit Contrition, Assurance*, Acknowledgement*, Compensation*, Values*	Make Easy Fix
		No Easy Fix, No 3rd Party to Blame (B)	Promotion / Empathy	Explicit Contrition, Assurance, Acknowledgement*, Values*	
		3 <sup>rd</sup> Party to Blame (C)	Promotion / Empathy	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)
4	Price Apologies (2 Types)	No 3rd Party to Blame (A)	Price	Explicit Contrition, Assurance**, Acknowledgment*, Compensation, Values*	Fix with Compen.
		3 <sup>rd</sup> Party to Blame (B)	Price	Explicit Contrition, Assurance**, Compensation, Scapegoating Language	Fix with Compen.
5	Place / Tangibles Apologies	Seek to limit adverse legal consequences	Place / Tangibles	Explicit Contrition, Assurance**, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later

\*Optional

\*\*Optional IF easy fix available

#### 4.3.5 Explicit Statements of Contrition

Twenty-nine out of 34 apology texts included at least one explicit statement of contrition. Twenty-six used a grammatical form of “apologize”, seven used “sorry”, four used “regret”, and one used the term “forgive us” (Tencent’s 2013 WeChat statement). Seven of the texts included two or more contrition term, with Intuit’s 2014 TurboTax apology incorporating the three versions: “apologize”, “sorry”, and “regret”. However, five of the texts did not include any explicit term of contrition. Among these five “non-apology apologies”, the Union Billboard statement indicated that a mea culpa would be forthcoming in the near future, suggesting that a



reference to future apologizing can establish evidence of contrition in the present. All five non-apology apologies included assurances of non-recurrence, indicating that an organizational communication lacking an explicit apology must at minimum include this element to effectively convey contrition to consumers.

All but two of the “non-apology apologies” - Tony Hawk 5 by ATVI and BAE Intern by Microsoft – included a compensation offer. However, ATVI issued a follow-up statement pertaining to Tony Hawk 5 offering compensation one week after its initial response (Joell, 2015). In the historical case of the Tylenol recall, Johnson & Johnson’s CEO announced a costly \$100 million recall at the same press conference as the “non-apology apology” (Rehak, 2002). Because of the unprecedented (at the time) recall, customers likely perceived the company as a victim because of the recall’s high cost (Broome, 1984). Thus, it appears that a compensation offer or other costly action from an organization may potentially overcome the absence of an explicit apology for a perceived transgression.

The reticence of Chevron in 2014 to convey an explicit apology after a deadly refinery explosion (instead offering a pizza coupon) was plausibly motivated in part by a desire to avoid and/or limit a slew of wrongful death and/or environmental lawsuits. With regard to the The9 Limited’s 2007 Warcraft case, it is plausible to suggest that The9 failed to explicitly apologize because of unclear responsibilities for management of the World of Warcraft gamer servers in its licensing agreement with ATVI. In the case of Microsoft’s 2016 BAE Intern non-apology, this communication appeared to misfire because there was no explicit statement of contrition nor any compensation offered; the issuance of compensation would have been problematic given the incident arose from a Community Sensitivity violation.

#### 4.3.6 Positive Contrition Modifiers

Twelve out of 34 cases that included an explicit statement of contrition utilized a positive modifier as a strengthening mechanism such as “personal” or “personally”, “deep” or “deeply”, “sincere”, “sincerely”, or “sincerest”, “profuse” or “profusely”, “heartfelt”, or “very”. The two Chinese modifiers utilized were 真诚 (Zhēnchéng, sincere) and 由衷 (Yóuzhōng, heartfelt). No pattern emerged with regard to the usage of positive modifiers.

#### 4.3.7 Passive Voice

Passive voice was utilized in 12 of the 34 cases incorporating an explicit statement of contrition. As one example, The Exxon apology for the 1989 Valdez incident declared in passive voice, “I want to tell you how sorry I am that this accident took place” (Farazmand, 2001). The phrase “took place” serves to distance Exxon from the breach, as passive voice eliminates the speaker from involvement from a subject (Farazmand, 2001). Another example was the 2014 statement about TurboTax pricing from Intuit, which stated that the company was “very sorry” for the “anger and frustration we may have caused you” (Intuit, 2015). The five shortest apologies were all in passive voice, suggesting that the companies sought to communicate as little as possible to minimize the link between themselves and the offense at issue. For the Chinese apologies, passive voice was confirmed by the usage of 被字句 (bèizìjù) in the text.

#### 4.3.8 Contrast/Conditional Signal Words

Six of the 34 cases with an explicit statement of contrition also included one of the following contrast or conditional signal words as a modifier: “but”, “still”, “if”, or “although”. All six cases involved U.S. issuers and U.S.-based incidents. These signal words were used to distance the companies from the offense and limit their level of culpability.

All but one of the cases including a negative signal word related to an integrity violation, with eBay's 2009-12 delivery apology the only exception. The JP Morgan Chase apology for issuing slavery-related instruments in the pre-Civil War period qualified its explicit statement of contrition with the following sentence immediate after it, "Although we cannot change the past..." (Teather, 2005). The word "Although" in the preceding statement distances present-day JP Morgan Chase from the historical offense. With regard to eBay's apology in 2009-12, its apology was prefaced as follows: "Still, we apologize for the inconvenience..." (Steiner, 2015).

#### **4.3.9 Assurances of Non-Recurrence**

Assurances of non-recurrence appeared in 25 out of 34 of the coded apologies, the most commonly reoccurring element other than explicit statements of contrition. For instance, the 2015 apology from Lenovo in response to the Superfish incident stated, "Finally, we are working directly with Superfish and with other industry partners to ensure we address any possible security issues now and in the future" (Lenovo, 2015). The foregoing language reassures Lenovo's customers that a repeat of the Superfish incident will not happen because of action the company is taking both now and in the future. Tencent's statement in response to the 2013 WeChat censorship incident similarly stated, "We will continue to improve the product features and technological support to provide better user experience" (Jie, 2015). The brief statement from American Airlines in 2014 responding to the 'Deaf and Dumb' baggage note incident declared, "...we will be following up with our team members..." at the Houston airport (Lee, 2014). As a final example, the 2014 apology from Western Digital for its faulty hybrid product launch stated that, "we will continue working relentlessly to deliver the great products and services you have come to expect from WD" (Murphy, 2014).

All five of the “non-apology apologies” included an assurance of non-recurrence, suggesting that it is a critical element for expressing contrition and may even substitute for an explicit mea culpa. It was also found that six of the nine cases without an assurance of non-recurrence included scapegoating elements instead, and the remaining three cases included bracketing language. It thus appears that the shifting of blame to a third party negated the need for the organizations to indicate why the offense would not happen again in the future (“it wasn’t our fault to begin with!”).

Analysis of the nine apology texts not including an assurance of non-recurrence also revealed that those events conducive to a relatively easy fix were most likely to drop this element. Examples include the iPhone price drop statement from Steve Jobs (\$100 credit), the Northeast outage release by Comcast (restored service – with partial refunds offered to those calling in) and Alibaba’s 2015 Lolita advertisement (the ad was removed). Because the forgoing problems were easily resolved, customer fears of the same thing happening again were plausibly lessened. In another case, JP Morgan’s apology for issuing mortgage products relying on slaves as collateral in the pre-Civil War U.S. likely did not require an assurance, as modern-day customers were unlikely to anticipate a recurrence; to further strengthen its statement, the company also announced a \$5 million donation to an African-American scholarship fund (Fears, 2005).

An unexpected finding with regard to assurances of non-recurrence was that only one competence violation out of 13 (Comcast’s statement on the NE Power Outage) did not include the element. Thus, assurances are utilized more often for competence-based violations. A plausible explanation for the foregoing is that competence violations are more amenable to an easy fix, thus dispelling fears of a reoccurrence.

#### 4.3.10 Explanations

Twenty-three of the 34 coded apologies contained language of explanation for a perceived transgression or the harm caused thereby. Some of the explanations were found to merely describe the incident in order to provide context to the apology (e.g., 2015 Baidu AI Statements). However, explanations can also serve to mitigate the degree of responsibility for a transgression or the harm caused (Austin, 1966). If such explanations are viewed by consumers as unwarranted, exaggerated, or misleading, they can also backfire. As an example, the 2010 statement from Disney-owned Marvel Comic's editor-in-chief over the Tea Party incident proffered a lengthy explanation of how a purposed editing mistake was made, as follows:

**So, just before the book went to the printer, the editor asked the letterer on the book to just fudge in some quick signs. The letterer in his rush to get the book out of the door but wanting to keep the signs believable, looked on the net and started pulling slogans from actual signs.** (Quesada, 2010).

The foregoing statement from Disney appears to rely on a detailed explanation in order to limit its degree of intent; in other words, the commingling of Tea Party protest signs with supporters of the fictional Watchdogs group was accidental, not purposeful. Earlier language in the statement also posits that the incident, "is being blown out of proportion and taken out of context" (Quesada, 2010).

The 2010 letter from The9 Limited for the Fairy Game launch also includes a series of explanations described as "Solutions" for some of the issues encountered, implicitly limiting its responsibility. The following statement implies that users who did not exit from a problematic map area as suggested were themselves partially to blame for performance issues:

**...we optimized the map of the server architecture, so that more players can enter, and suggested that the players in the map, as soon as possible to leave the new village to go to other exciting map. At the same time, after this test, we will also adjust the player's login process, as much as possible to alleviate the occurrence of this situation** (The9 Limited, 2010).

Explanations aimed at limiting responsibility were less frequently included in statements responding to integrity violations such as intentional misconduct and community sensitivity. A downside of including an explanation for a sensitivity breach is the potential to alienate one stakeholder group over another. As an example, the GamerGate statement from Intel in 2014, which did not include an explanation, stated that the company was not taking sides in the “bitter debate” (Intel, 2014). However, the company offered more definitive support to one group over the other, which led to further criticism from the non-supported group. Similarly, the Irish Xmas apology from Bed Bath & Beyond (also not including an explanation) was criticized by some conservative commentators as unnecessary “political correctness” (MisFitWisdom.com, 2014).

Aside from the tendency of organizations to avoid explanations to limit responsibility for integrity offenses, there was no discernable pattern to their inclusion in the apology texts. Explanations were often included just to identify the alleged transgression, such as this opening statement from Baidu in 2015: “Recently the ILSVRC organizers contacted the Heterogeneous Computing team to inform us that we exceeded the allowable number of weekly submissions to the ImageNet servers..” (Novett, 2015).

#### **4.3.11 Responsibility Acknowledgements**

Twenty-two out of 34 of the coded apologies included discourse which acknowledged responsibility for the perceived transgression and/or the perceived harm caused thereby. For

example, the 2015 statement from Tom Hogarty of Adobe in response to the Lightroom glitches declared, “we failed on multiple fronts with this release.” Another example was the 2007 sprinter apology from Intel, in which it stated, “Unfortunately, our execution did not deliver our intended message and in fact proved to be insensitive and insulting” (Bhagat, 2007). Another example was the 2015 Starbucks apology on Facebook to Armenian-American customers, which offered an explicit apology for “...upsetting our customers and the community.”

Acknowledgements of responsibility were generally reported positively in the media. In cases where a third party was a significant cause of the harm caused, however, such as the 2009-2012 eBay auto-apology for third-party delivery problems, acknowledgements were frequently absent or limited in scope. Another example was the 2016 apology from Charter Communications for a racist message transmitted over their lines by an outside hacker. In such cases involving a third party wrongdoer, the companies were also more likely to include bracketing language to further limit their causative link to the transgression (e.g., the eBay case).

#### **4.3.12 Named Issuer**

Twenty-one of 34 apology texts were issued by a named issuer, while 13 were issued without identifying a specific individual person as the sender. Fourteen of 17 older apologies named an issuer, whereas only 7 of 17 newer apologies named the issuer. The foregoing finding may arise from advancements in information technology and social networking; for example, the Armenians/Flag apology from Starbucks in 2015 was issued on Facebook within 5 hours of the initial customer complaint.

The inclusion of a named issuer, especially one with high status such as a CEO, was also linked with more frequent inclusion of denials and attacks on a third party. One such example was the 2007 iPhone price drop statement from Steve Jobs, in which customers were implicitly

attacked before receiving an apology and \$100 credit: “If you always wait for the next price cut or to buy the new improved model, you’ll never buy any technology product” (Tehrani, 2007). Another example was the attack from Marvel Editor-in-Chief on critics as “some people” making “complete and irresponsible misrepresentation” (Quesada, 2010). One possible explanation for the foregoing is that high-level executives are more likely to be involved in significant controversies without outside parties. An alternative explanation is that CEOs feel empowered to speak more freely than lower-level employees.

#### **4.3.13 Bracketing**

Twenty of the 34 coded apologies contained language characterized by the researcher as bracketing the direct responsibility or blameworthiness of the company for a perceived transgression or the severity of harm caused thereby. The use of bracketing language by a transgressor potentially limits the scope of harm and/or mitigates responsibility based on the degree of intent, as noted by Austin in 1966. However, if deemed insincere explanations can also cause an apology to ‘misfire’ or fail (Austin, 1961; Tavuchis, 1991).

As one example of bracketing, the 2013 statement from Tencent over the WeChat censorship incident began by immediately limiting the scope of impact, “A small number of WeChat international users...” (Jie, 2015). In the 2014 statement from Intel over the Gamergate controversy, the company declared that it was not taking sides while simultaneously declaring that it “...does not support any organization or movement that discriminates against women” (Intel, 2014). Intel also limited the scope of those affected by including the word ‘if’ in its explicit apology: “...we apologize and we are deeply sorry if we offended anyone” (Intel, 2014). Alibaba took a similar rhetorical approach in its 2015 statement over the Lolita advertisement, limiting the target audience to a subset of those who may have been impacted:



“We apologize to anyone offended by this ad” (Sonnad, 2015). Alibaba used the same approach in its 2013 statement addressing the Taobao Martin Luther King Jr. mixup, limiting its mea culpa “to anyone who was offended” (Bischoff, 2013).

#### **4.3.14 Customer References**

Fifteen of the 34 coded apologies explicitly referenced their customers, consumers, users, fans, patients, readers, or guests. Chinese companies (6 out of 10) were somewhat more likely to make such references than U.S. companies (11 out of 26). The relative frequency of these references was not an unexpected finding, given that the offended parties in all 34 of the transgressions were customers (directly or indirectly). Restoring reputation in the eyes of customers in the aftermath of a transgression has long been recognized as a critical objective for an organizational apology (e.g., Benoit, 1995, Hearit, 2006).

#### **4.3.15 Values Statements**

Fifteen out of 34 of the coded apologies made a reference to the norms or values of the company perceived to have committed a transgression. These statements can serve to convey contrition if paired with an acknowledgement of how they were breached in the past or will be better served in the future, but were sometimes included to merely bolster a corporation’s image. One example of the bolstering strategy was the 2014 letter from Chevron offering a pizza coupon in response to a refinery accident: “We value being a responsible member of this community” (Ernst, 2014). However, Chevron’s communication was not accompanied by an explicit statement of contrition or acknowledgement of breach. In an example of a values statement paired with a statement of contrition, the 2014 letter from Western Digital to its customers about the hybrid product launch issues acknowledges that it has “a ...commitment to you” to provide “reliable, secure and easily accessible storage for your most valuable content” (WD Community,

2014). The foregoing is both an acknowledgement of a duty owed to customers as well as a declaration of its values.

Values statements were usually included in the apologies for an integrity breach, and were also frequently found in competence violations arising from a product launch failure. They were less likely to appear in cases apologies that included scapegoating elements (placing blame on third party actors).

#### **4.3.16 Excuses**

Excuses, identified in 14 of the 34 coded apologies, can serve to reduce the degree of responsibility for a perceived transgression by shifting blame elsewhere and/or lowering the level of intent based on mitigating circumstances (Austin, 1956). However, if they are perceived as inapplicable or ineffective they can also lead an apology ‘misfire’ (Austin, 1961). As one example, the 2014 statement from American Airlines in response to the ‘Deaf and Dumb’ incident declared that the company would be “following up” with its own team members but also noted that an outside contractor handled its baggage service at the Houston airport (Lee, 2014). By mentioning that the baggage is actually handled by a third party, American Airlines makes a partial excuse for its own culpability (since it was not in charge of the bags, it could not have intentionally offended the deaf couple from Hawaii).

Another excuse example was Chinese company Tencent’s statement in response to the U.S. Flags on Martin Luther King Day incident: “WeChat’s road towards internationalization is not easy!” (Ong, 2013). By claiming that engaging in business overseas is difficult, WeChat (operated by Tencent) appears to be limiting its degree of culpability for the offense.

#### **4.3.17 Compensation Offers**

Eleven of the 34 coded apologies included a compensation offer, including three of five “non-apology apologies”. The researcher did not classify statements referencing a refund, exchange, update, patch or deactivation beyond what was presumably already available to customers under existing policy as compensation. For example, the 2015 statement from Lenovo about Superfish offered a link to software removal tools (a type of update or patch), and was not categorized as a compensation offer. Several companies also followed up on their initial communications with compensation offers, such as ATVI after the 2015 Tony Hawk 5 incident (Joell, 2015); these instances were also not categorized as compensation offers. Had the ATVI incident been characterized as including a compensation offer, then four of five of the “non-apology apologies” would have included this element. Thus, compensation offers appear to be a key element of contrition in the apology texts.

Examples of compensation offers included the \$100 credit offered by Apple Computer in response to the iPhone price drop incident in 2007 (Tehrani, 2007), and the free pizza coupon offered by Chevron to members of a community in response to a refinery fire that killed a resident worker (Ernst, 2014). While the former example appeared to be favorably received by the community – with \$100 representing half of the \$200 iPhone price drop – the latter example was widely ridiculed by the media as not commensurate with the harm caused (Ernst, 2014). Thus, a perceived inadequacy in the level of offered compensation can result in an apology misfire.

Compensation offers less frequently included in statements addressing a community sensitivity issue. An exception was the Armenians/flag apology by Starbucks in 2015, which was only fixable by removing the offending posters from its Los Angeles locations.

Compensation was more likely to be included in cases where it allowed for an easy fix of a problem (such as the 2007 iPhone price drop apology). Both of the cases relating to product pricing included compensation offers.

#### **4.3.18 Denials**

Statements of denial for a transgression itself or the alleged harm caused thereby were found in 9 out of 34 of the coded apologies. As with bracketing and explanations, denials can serve to mitigate the degree of responsibility for a perceived transgression by shifting blame elsewhere and/or reducing the level of intent (e.g., by alleging that an action deemed purposeful was accidental). However, if the denials are perceived as inapplicable or ineffective they can also lead an apology ‘misfire’ (Austin, 1961).

One example of a denial was found in the 2015 statement concerning Amgen’s involvement in a 2015 false grizzly data controversy. The statement, issued by the corresponding author for a journal article, contended that the overall study findings were still valid despite the allegedly false data: “The authors at Washington State University and University of Idaho are confident that the physiological data generated for this manuscript are accurate and representative” (*Cell Metabolism*, 2015).

Another example of a denial appears in the 2007 iPhone price drop statement from Apple Computer CEO Steve Jobs. In an email to customers, Jobs purports that, “I am sure that we are making the correct decision”, and informs customers that “It benefits both Apple and every iPhone user to get as many new customers as possible in the iPhone 'tent'” (Tehrani, 2007). The foregoing language suggests that Apple was not only blameless for the price drop (and “disappointing some of you”), but actually doing customers a favor (Tehrani, 2007). This idea is also reinforced by declaring that, “the technology road is bumpy” (Tehrani, 2007).

#### **4.3.19 Justifications**

Statements of justification were identified in 8 of the 34 coded apologies. Justifications are generally aimed at cleansing an action from wrongfulness by providing a sufficient rationale for its undertaking; the actor is admittedly responsible for a bad deed, but the deed was justified or entitled (Austin, 1956). For example, the 2007 Apple iPhone price drop apology provided a justification by suggesting that the end result of its pricing policies would benefit customers. As another example, Intuit's 2014 TurboTax apology justified its pricing policy on the need to make "the product experience consistent across all TurboTax offerings" (Intuit, 2015).

#### **4.3.20 Government/Nation References**

Eight out of 34 of the apology texts contained a reference to the government (state, federal, or local) or the nation's people as a collective group. For example, the ExxonMobil's statement on the Mayflower refinery incident in 2013 and Chevron's statement on the refinery fire of 2012 both reference governmental entities involved in the public safety response. Three out of 11 of the apologies issued in China contained references to the Chinese people (from Kingsoft and Apple) to presumable enhance their images as a way to build bridges with their customers. By contrast, only 5 out of 23 apologies issued in the US contained references to the U.S. government or people, with three of those involving public safety references for industrial accidents.

Media reports on two of the 11 Chinese organizational apologies referenced negative comments from the Chinese government, while none were uncovered for the 23 U.S. organizational apologies. In the first case, the Chinese Ministry of Industry and Information Technology (MIIT) stepped into an argument between Tencent and Qihoo in 2010 to demand that they resolve their disagreements and "strengthen professional ethics" (Memeburn, 2010). In

the second case, a security expert chiming in on a China national radio piece on Kingsoft's "blue screen of death" apology in 2013 suggested that the Chinese company could learn from Microsoft in the area of crisis management (Sina.com, 2013).

#### **4.3.21 Attacks**

Language attacking external sources in response to a perceived transgression appeared in five of the 34 coded apologies. Attacks are another means by which perceived transgressors can shift and thereby limit responsibility for an incident and/or its aftermath. For example, Intel stated in its 2014 Gamergate statement that, "Intel does not support any organization or movement that discriminates against women", distancing itself from the game-industry website Gamasutra. CEO Steve Jobs declared in his 2007 iPhone price drop statement that if customers "...always wait for the next price cut or to buy the new improved model, you'll never buy any technology product because there is always something better and less expensive on the horizon" (Tehrani, 2007). The preceding statement is unique in that it was the only case recorded by the researcher of a company mea culpa shifting blame to customers for a perceived transgression.

#### **4.3.22 Self-Punishment**

Four of the 34 coded apologies included rhetoric referring to a self-imposed punitive action or self-criticism (beyond mere acknowledgement of a mistake). For example, the 2015 statement from Tom Hogarty (Director of Product Management for Photography at Adobe) included self-critical rhetoric beyond a prior acknowledgment that it had "failed on multiple fronts", and "I've failed the original core values of the product and the team" (Hogarty, 2015).

It is also plausible that consumers perceive other apology elements as evidence of self-punishment suffered by the company (an "apology-based view" of apology effectiveness). Apple's apology over the iPhone price drop in 2007 included a \$100 credit as a compensation

offer; had this \$100 award been offered by the government and/or a competitor instead of CEO Steve Jobs, it is likely that Apple would have realized less consumer forgiveness from its apology. As another historical example from the 187 captured organizational transgressions, the \$100 million cost borne by Johnson & Johnson for its Tylenol recall in 1982 led some consumers to perceive it as a “victim” (Broome, 1984), suggesting that the pain of the recall encouraged more forgiveness. However, based on the infrequent inclusion of this element, it appears that explicit references to self-punishment are not critical aspects of organizational apologies.

#### **4.3.23 Empathy Expressions**

Four of the 34 coded apologies included language empathizing with the transgressed-upon parties. As one example, the 2016 apology from Charter Communications to customers in Texas over a racist TV hack message characterized the incident as “abhorrent”, and then declared, “We apologize profusely to any of our customers who were subjected to it” (Uhler, 2015). The word ‘abhorrent’ connotes an emotional response felt by Charter, whereas ‘subjected to’ acknowledges how customers were emotionally impacted. Similarly, the 2015 apology from Adobe over the Lightroom glitches stated, “The team cares passionately about our product and our customers” while acknowledging significant problems incurred by their customers with the import experience. Another example was Chevron’s 2014 pizza as apology, in which it said it stated, “Chevron recognizes the effect this has had on the community.” However, in Chevron’s case, the severe nature of the harm (worker’s death) appears to have been insufficiently acknowledged based on the pizza coupon attached to the apology letter and the non-descriptive nature of the empathy statement, which refers to ‘effect’ only.

Based on the infrequent inclusion of this element, it appears that empathy expressions are not a critical component of organizational apologies. This finding was unexpected, given that

the empathetic expression of shared feelings was identified by Fehr and Gelfand in 2010 as one of three main elements of effective apology-making. It is plausible to surmise that the elements of an affective organizational apology diverge from those of a natural person.

#### **4.3.24 Puffery**

The researcher identified four instances of puffery among the 34 coded apologies. By puffery, the researcher refers to statements that aggrandize the company or its products and services. Inclusion of these statements may plausibly be intended to distract or mask blame as part of a defense script, in line with Hearit's 2006 conceptualization of organizational apologies as apologia. Both of the Apple statements – from CEO Steve Jobs for the iPhone price hike in 2007, and from CEO Tim Cook for the discriminatory policies in 2013, respectively – included statements that highlighted the company's technical prowess. The 2014 apology from Western Digital for its hybrid product launch included the following descriptive statement: "...the great products and services you have come to expect" (WD Community, 2014). Based on the infrequent inclusion of this element, it appears that puffery is not a critical element of organizational apologies.

#### **4.4 Organizational Apology Model**

Analysis of the 34 apology texts revealed that organizations utilize a combination of five key contrition elements to render a mea culpa to consumers in the aftermath of a perceived transgression: explicit statements of contrition, assurances of non-recurrence, responsibility acknowledgements, compensation offers, and values statements. It was also found that organizations included excuses, denials, justifications, and/or attacks as scapegoating elements in their apologies in cases where a third party could reasonably be implicated as a substitute transgressor. All but three of the nine cases not including an assurance of non-recurrence



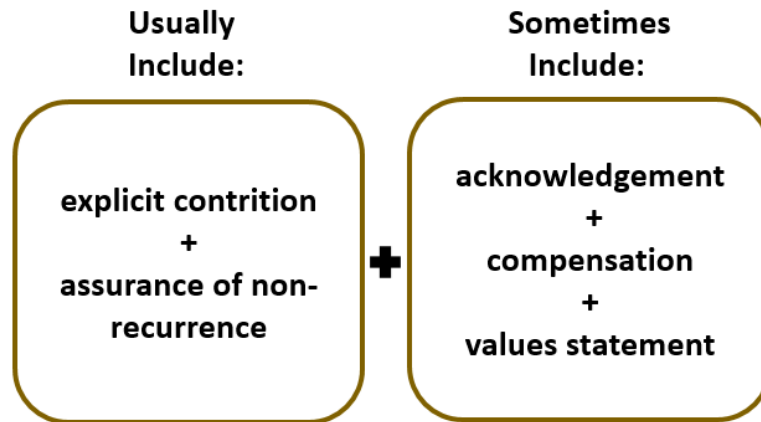
included scapegoating language, and those three cases utilized bracketing language. The cases not including an assurance of non-recurrence also tended to have an easy fix. Cases that omitted a values statement were similarly more likely to include scapegoating elements (and vice versa). Compensation was seldom included in cases relating to community sensitivity, and those exceptions generally had an easy fix. Lastly, apology misfires were found to arise in cases where a mea culpa was not timely rendered, the offered compensation was inadequate, or the issuer was perceived as evasive by unduly blaming third party actors.

Five of the analyzed cases did not include any explicit words of contrition, yet these “non-apology apologies” were processed by the public as examples of a mea culpa. In such cases, an offer of compensation before, during, or after the issuance of a responsive statement was usually made, and the statements all included an assurance of non-recurrence. In one case, a future apology was also referenced. If the foregoing “alternative contrition facts” were competently communicated and/or rendered (i.e., adequate compensation), the non-apology apology could still be perceived as a felicitous mea culpa. Thus, an organizational statement issued in response to a transgression that is devoid of contrition may nonetheless enter the public consciousness as an apology if certain other elements are included.

It is plausible to suggest that the cumulative communications and/or actions taken by a corporation in the 24/7 global business cycle over time become performative of an apology in the public consciousness even in the absence of explicit terms such as “apologize”, “regret”, or “sorry”. Based on the identified key elements of contrition and scapegoating used by organizations in their public responses to a perceived transgression, as well as the finding that alternative contrition facts can render a non-apology apology performative, the model set forth in Figure 5 below is proposed to answer the question, “what is an organizational apology?”.

**Figure 5**

**Defining Elements of an Organizational Apology**



**4.4.1 Organizational Apology Antecedents**

Textual analysis indicated seven primary antecedent events leading to the call for an organizational apology in response to a perceived transgression. The frequency of each category is set forth in Table 13 below, from least frequent to most frequent. The “Customer Complaints” category was distinguished from “Negative Media” based on whether the primary antecedent communications arose from individual customer statements or communications from niche blogs and/or media organizations. However, the foregoing two categories sometimes overlapped, as blog and media reports were often themselves a reaction to customer complaints. The Community Complaints category was distinguished from Customer Complaints because these two cases emerged from organizations collectively representing U.S. ethnic groups. Thus, considering both Community Complaints and Customer Complaints as analogous variations of Negative Media, 21 out of 34 cases arose from concerns over negative publicity “going viral” as an antecedent. The majority of these cases arose from incidents classified as Product, Promotion, or Price.

The only other antecedent category with more than one event was Physically Visible (7

of 34 cases). For this type of event, companies were unable to deny a nexus between themselves and the transgression because the link between the effect (harm) and cause (company) was there for all to see. Four of these cases related to industrial accidents, and five are classified as Place incidents based on the Marketing Mix analysis.

**Table 13**  
**Organizational Apology Antecedents**

<b>Category</b>	<b>#</b>	<b>Antecedent</b>	<b>Cases</b>
Automated	1	Online Dispute Initiated	Ebay 2009/15
Government	1	Chicago City Ordinance	JP Morgan Chase 2005
Internal	1	Research Audit	Amgen 2015
Community Complaints	2	Facebook Post Letter	Starbucks 2015 Bed Bath & Beyond 2014
Customer Complaints	4	Company Website Company Website Social Media/Forums	The9 Limited 2007 The9 Limited 2010 Kingsoft 2003
Physically Visible	7	Fire Explosion Oil Spill Oil Spill Outdoor Billboard TV Signal TV Signal	Chevron 2012 Chevron 2014 ExxonMobil 1989 ExxonMobil 2013 CSX 2002 Comcast 2016 Charter 2016
Negative Media	15	Media Reports Media Reports Media Reports Media Reports Media Reports Industry Blogs Media Reports Industry Blogs Media Reports Media Reports Media Reports Political Blogs Media Reports Media Reports Media Reports	Tencent 2010 Tencent 2013 Tencent 2015 Alibaba 2013 Alibaba 2014 ATVI 2015 Microsoft 2016 Intel 2007 Intel 2014 Apple 2007 Apple 2013 Disney 2010 Kingsoft 2013 American Airlines 2014 Baidu 2015

#### 4.4.2 Organizational Apology Consequents

Research indicated that the key consequential events to the analyzed apology cases were Easy Fixes (17), Legal Settlements (5), Repeat Apologies (4), New Policies (3), Philanthropy (2), Employee Terminations (1), and Employee Training (1), as shown in Table 14 below. The primacy of Easy Fixes was not unexpected, as these responses directly correlated to the transgression at issue and were not difficult or costly for the companies to provide. Examples of easy fixes included product update (Product cases), removal of offensive content (Promotion cases), award of cash, credit, or reimbursement (two Price cases and one Product case), and restored service (a Product case). Thus, consumers appear to expect an apology coupled with corrective action whenever it is feasible in the aftermath of a Product, Price, or Promotion transgression.

The five Legal Settlement consequent instances emerged from four industrial accident (Place) cases, as well as one Product (defect) case. The visible nature and measurable impact of the industrial accident cases appeared to give rise to a lawsuit in all such cases. The single Product case (2010 Tencent IM Dispute) involved a lawsuit against a competitor (Qihoo) rather than the public or a government entity, distinguishing it from the four Place cases. Thus, consumers therefore appear to expect organizational transgressions arising from Place to result in an apology coupled with an eventual legal settlement. Note that the industrial accident cases also led to cleanup responses in all four cases, with the 1989 *Valdez* case purportedly costing ExxonMobil \$2 billion (Kroh, 2013).

Interestingly, all five of the least utilized categories - Repeat Apologies (“faulty fix”), New Policies (“policy fix”), Philanthropy (“philanthropic fix”), Employee Terminations (“firing fix”), and Employee Training (“training fix”) were all issued in response to integrity violations.

The foregoing likely arises from a reticence to proactively undertake organizational change if there is a plausible “easy fix” available. The issuance of multiple (repeated) apologies as a faulty fix may have particularly dire consequences, as Essay 1 suggests that apology issuances have a significantly negative impact on subsequent market performance.

**Table 14**  
**Organizational Apology Consequents**

<b>Category</b>	<b>#</b>	<b>Primary Consequent</b>	<b>Cases</b>
Easy Fix	17	Product Patch or Update (7) Remove Offending Content (6) Cash, Credit, or Reimburse (3) Restored Service (1)	Charter 2016 (removed) Starbucks 2015 (removal) Kingsoft 2003 (update) The9 Limited 2007 (update) The9 Limited 2010 (update/credit) Alibaba 2013 (remove) Intel 2007 (remove) Alibaba 2015 (remove) ATVI 2015 (patch) Apple 2007 (credit) Disney 2010 (remove) Kingsoft 2013 (credit) Tencent 2015 (patch) Western Digital 2014 (update) Adobe 2015 (patch/update) Comcast 2016 (restored svc)
Expensive Fix (Legal Settlement)	5	\$7 billion \$2 million \$2 million \$5 million Supreme Court Verdict	ExxonMobil 1989 Chevron, 2012 ExxonMobil 2013 Chevron 2014 Tencent 2010
Faulty Fix (Repeat Apology)	4	Executive Mea Culpa Executive Mea Culpa Executive Mea Culpa MIIT-Mandated Mea Culpa	Intuit, Inc. 2015 Lenovo 2015 CSX 2015 Baidu 2015
Policy Fix*	3	“Asking buyers to be vigilant” Unspecified “Steps” New Service Policy in China	Bed Bath & Beyond 2014 Microsoft 2016 Apple 2013
Philanthropic Fix*	2	Join Anti-Harassment Org \$5 million scholarship	Intel 2014 Chase 2005

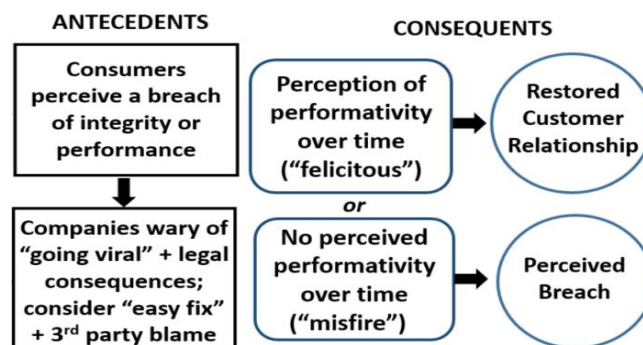
Firing Fix*	1	“higher level” employee	Amgen 2015
Training Fix*	1	“Sensitivity Training”	American Airlines 2014

\*Requires Organizational Change

#### 4.4.3 Antecedents & Consequents

Figure 6 below incorporates the findings from Section 4.4.1 (organizational apology antecedents) and Section 4.4.2 (organizational apology consequents) into a visual model. The term ‘misfire’ comes from Austin’s performative utterances theory (1961), and refers to explicit and/or implied acts of speech and/or conduct that render an apology ineffective. By contrast, ‘felicitous’ refers to explicit and/or implied acts of speech and/or conduct that make an apology effective (Austin, 1961). Potential misfires may arise from inadequate compensation, inadequate expression of contrition, likely recurrence of the offense, implausible third-party blaming, and/or cultural non-congruence (i.e., overly formalistic in the U.S. or overly casual in China, based on Hall’s high versus low context theory (1976)). The potential for apologies to misfire is a plausible explanation for the overall negative impact of organizational apologies on stock price uncovered in Essay 1.

**Figure 6: Antecedents & Consequents**

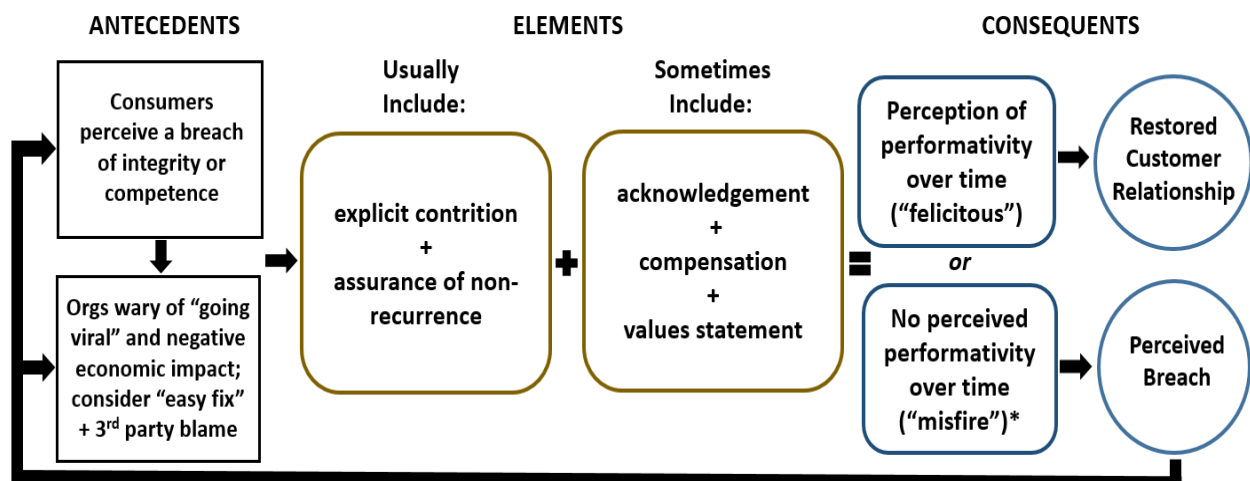


#### 4.4.4 Integrated Model of Organizational Apologies

Figure 7 below integrates the findings on antecedents and consequents with the findings on organizational apology elements. The explicit contrition element may be omitted (except for

transgressions arising from an industrial accident) if an assurance of non-recurrence and sometimes compensation offer are also included. The assurance of non-recurrence element may optionally be omitted only if an “easy fix” is available. Acknowledgements should be included as an element unless it is plausibly justifiable to blame a third party, but should always be included for transgressions arising from a product-related issue. Compensation (before, within, or after the apology issuance) should only be included for transgressions arising from community sensitivity if there is an “easy fix”, but should always be included for price-related incidents.

**Figure 7: Revised Model of Organizational Apologies**



#### 4.4.4.1 Confirmation Check

In order to assess the validity of the organizational apology model proposed above, five additional apology texts were randomly selected via Random.org for textual analysis. Table 15 below indicates the extent to which these five cases aligned with the researcher’s model by comparing the textual elements included in each case to the corresponding elements in the predicted apology template from Appendix H. The predicted templates were identified by matching the transgression typologies described above. Summaries of the five cases are set forth

below, and the apology texts are attached hereto as Appendix I. Analysis supported the corresponding template for all elements except for the 2014 BioMarin Cancer Comments case, which did not include the predicted Assurance of Non-Recurrence element. However, negative media coverage of BioMarin’s response said that it had “miserably mishandled” the situation, and a rival biotech CEO stated that the company had “failed to effectively communicate to the family or the media what their position is and why they hold it” (Reno, 2014). Thus, it is plausible to suggest that the apology misfired in part because it did not include an assurance of non-recurrence.

**Table 15**

**Confirmation Analysis**

<b>Case</b>	<b>Type</b>	<b>Predicted Template</b>	<b>Confirming Elements</b>	<b>Disconfirming Elements</b>
2012 Apple Maps App	Product	2B	Explicit Contrition, Assurance, Acknowledgement, Compensation, Values	None
2015 DuPont Homeless Hotel	Promotion	3A	Explicit Contrition, Assurance, Acknowledgement, Compensation, Values	None
2016 McDonalds Cheese Sticks	Product	2C	Explicit Contrition, Assurance, Scapegoating Language	None (arguably no “easy fix”, and compensation was optional)
2016 Marriott Perfect World	Place	5	Explicit Contrition, Assurance, Named Issuer, Acknowledgement, Values	None (Compensation was optional and later issued)
2014 BioMarin Cancer Comments	Promotion	2A	Explicit Contrition, Acknowledgement, Values	Assurance (Compensation was optional)



#### **4.4.4.2 2012 Maps App: Apple**

An outcry of consumer complaints about the Apple maps application occurred upon the product's launch on September 19, 2012 (Bowerman, 2012). The company issued a preliminary statement the following day to communicate its appreciation for the "customer feedback" and stated that it was working to improve the application, acknowledging that this effort was "just getting started" (Cook, 2012). The Apple Maps application had been included as a default replacement for the generally well-received Google Maps application in the IOS ecosystem despite the implicit recognition that it needed improvement. Apple is the 7th most reputable corporation worldwide (Reputation Institute, 2014), and is also the globe's largest company based on market capitalization.

CEO Tim Cook penned a 266-word letter to "our customers" on September 28, 2012 (Cook, 2012). Cook stated in the letter that Apple was "extremely sorry" for user frustrations over the Maps app, and acknowledged that it had fallen short on its responsibility to deliver "world-class products". As in the September 20 statement, Cook once again referenced why the application was so difficult to develop. Customers were told they could download competing applications from Google and other developers in the meantime. Google Maps had previously been unavailable as a downloadable application after it was replaced with Apple Maps, although the slower mobile web version was still available).

Cook's letter was succinct (just 266 words), relying on casual terms such as "you," "user," and "your home" (Cook, 2012). It was devoid of empathetic or emotional expressions, and was disseminated on the company's website rather than a more emotionally-expressive channel (press conference, video, etc.). The letter provided a justification for the transgression (complex functionality developed from the ground up), as did the initial September 20

communication (Cook, 2012). Cook assures customers that a recurrence of the problem will not happen by stating, “we will keep working non-stop until Maps lives up to the same incredibly high standard” (Cook, 2012). He also affirms Apple’s values by stating, “Everything we do at Apple is aimed at making our products the best in the world (Cook, 2012).

CEO Cook’s letter also included a compensation offer to use competing apps, and was positively framed in terms of improvement (both with regard to Apple as a developer and consumers as map application users) (Coo, 2012). The Apple Maps apology was reported in the media as a successful corporate mea culpa (Keizer, 2012). Because the problems with the Maps app related to technical execution rather than an ethical breach, it is best classified as a competence offense. Although this statement was issued within 10 days of complaints arising, the inclusion of a justification classifies it as reactive.

#### **4.4.4.3 2015 Homeless Hotel: DuPont**

The Hotel DuPont is a 4-star hotel in Wilmington, Delaware managed by DuPont Hospitality, a division of DuPont, headquartered in Wilmington, Delaware. The exact number and identity of the “small group” of homeless guests (Sumac, 2015) is unknown. The sponsoring religious organization was Wilmington, Delaware-based Road to Redemption Ministries, co-founded by Deb Bennett, who had previously been homeless herself (Sumac, 2015).

On December 25, 2015 the Hotel DuPont cancelled the reservations of homeless guests paid for by a local religious organization as a holiday gesture. The hotel staff reportedly made the cancellations because they lacked identification documents and possibly represented a safety threat (Delaware Business Now, 2015). According to Delaware Business Now the homeless guests were subsequently placed at a nearby Hilton Hotel for the night. Discussion of the

incident transpired thereafter on social media platforms such as Facebook, Yelp, and Twitter (Sumac, 2015).

Fourteen days after the incident on January 8, 2015, a 164 word response was issued by DuPont Hospitality Director Lisa Bolten (Delaware Business Now, 2015). The statement explicitly apologized in the first sentence for the “misunderstanding” on Christmas Day, invited the homeless guests back to the hotel (Delaware Business Now, 2015). The reference to a “misunderstanding” implicitly acknowledged a transgression by Dupont. It also assured that it would “work with them to address” on the photo ID issues to avoid a recurrence (Delaware Business Now, 2015). A second paragraph of the statement is wholly devoted to the hotel and parent DuPont’s “...long history of supporting charities that aid the homeless” such as the Food Bank, cooking turkeys for the underprivileged, etc. (Delaware Business Now, 2015). Also referenced are the “thousands of hours” spent volunteering by DuPont employees (Delaware Business Now, 2015). According to a SorryWatch blog posting on February 15, 2015, the DuPont Hotel eventually reached an agreement with the homeless guests to receive three nights of free lodging and complimentary meals in a private dinner room.

Critical perspectives on this incident posted on SorryWatch and Delaware Business Now in January, 2015 referenced not only the homeless incident itself on Christmas Day but also recent outsourcings by DuPont leading to job losses in the local community.

While the DuPont Hotel is far removed from DuPont’s main chemical business, it is strongly associated with the parent company because of its name, location in Wilmington, and executive offices therein for certain DuPont divisions. As a policy, DuPont’s photo ID requirement is likely not atypical for the industry. However, given the circumstances – Christmas Day, a Christian church sponsor, and cold weather – the denial and subsequent delay

in issuing an apology lead to undesired negative publicity and potentially contradicted the hotel's core value, "Respect for People".

The apology and subsequent offering of free rooms and meals were intended to firmly resolve the issue. However, the delay in issuance and self-praising nature of the statement's second paragraph were negatively commented upon (sumac, 2015). Lastly, the housing of the guests in a competing hotel (Hilton) on Christmas Day may also have created an unfavorable comparison between the two organizational images. Because of the statement's delayed issues (beyond 10 days) and scapegoating elements, it is categorized as reactive.

#### **4.4.4.4 2016 Cheese Sticks: McDonalds**

McDonald's is a 76-year old casual dining company headquartered in Oak Brook, Illinois with more than 36,000 outlets across 120 countries (McDonalds, 2017). In late January of 2016, customer complaints on Twitter berating McDonald's "hollowed-out cheese sticks" went viral (Shropshire, 2016). Initial customer reaction to the Mozzarella Cheese Sticks product had largely been positive on social media, including praise from TV personality Ellen DeGeneres (Schropshire, 2016). However, the lack of visible cheese within the prepared sticks – offered at 3-for-\$1 – provoked a barrage of negative consumer reactions (Colak, 2016). Republished Twitter posts described the new menu offering as a "deception" consisting of "hollow breading" with "no cheese on the inside" (Colak, 2016). The controversy was coined "Mozzarella Stick-Gate" in a *Chicago Tribune* article (Corilyn, 2016).

On January 28, 2016, the same day the *Chicago Tribune* ran its "Mozzarella Stick-Gate" story, McDonald's spokesperson Lisa McComb issued a statement to media outlets about the incident (Schropshire, 2016). The 55-word communication included an explicit statement of apology and is set forth below:

**We are aware of a low volume of guest concerns about our Mozzarella Cheese Sticks. In these instances, we believe the cheese melted out during the baking process in our kitchens and shouldn't have been served. We apologize to any customers who may have been affected. We are working to fix this in our restaurants.** (Schropshire, 2016)

In addition to offering contrition with an explicit apology, the McComb communication acknowledged a breach of responsibilities by declaring that the air-filled sticks "...shouldn't have been served". However, the foregoing language serves shifts responsibility for this decision from the McDonalds Corporation to the front line "kitchen" level. Since 80% of McDonald's stores have independent owners (McDonalds, 2017), blaming the kitchen staff effectively shifted blame to third parties, and thus McDonalds did not itself acknowledge any transgression. McDonalds did assure that it would endeavor to fix the problem moving forward, presumably by informing and/or training its third party owners and operators.

Although it includes language of contrition, the statement from McComb also attempts to minimize the severity of harm and scope of impact. For example, the opening sentence described the negative customer feedback on the mozzarella sticks as "...a low volume of guest concerns", thereby insinuating that most customers were satisfied with the product (Schropshire, 2016). This limitation is reinforced by the direction of the apology at "...any customers who may have been affected" rather than all customers who purchased the sticks (Schropshire, 2016). Although McDonald's declared upfront that it is "aware" of the concerns expressed by certain customers, it went on to state that "In these instances, we believe the cheese melted out..." (Schropshire, 2016), suggesting that it had not previously *known* that the sticks would hollow out. According to the language of the statement, the leaking out of cheese during the deep-fry

process was both rare and wholly unexpected (given the extensive product testing), and thereby serves as an implicit form of excuse. Because this incident relates to a defect in product preparation, it is best characterized as a competence violation. Although it was issued within 10 days, the inclusion of an excuse (scapegoating language) classifies the statement as reactive.

#### **4.4.4.5 2016 Perfect World: Marriott**

Marriott International, Inc. is a diversified hospitality enterprise based in Bethesda, Maryland with 5,700 properties in more than 110 countries (Marriott, 2017). In March, 2016 Shanghai hosted an international tournament for Dota 2, an online action and strategy game operated by Beijing-based Perfect World (Gonzales, 2016). On the final day of the tournament – March 6, 2016 – items owned by multiple players that were left in the event’s practice rooms were cleared away at Marriott’s direction without informing the players (Gonzales, 2016). According to multiple media reports (e.g., Leslie, 2016 and Gonzales, 2016) up to 40 to 50 player items including computer peripherals and a Maserati sports car key went missing after the clearing. Some of the players reported a theft to the local police station in Wuliqiao.

On March 7, 2016 a statement was issued from the Shanghai Marriott to multiple companies and players associated with the tournament (Gonzales, 2016). The 473 word statement was released as a scanned hardcopy of a typed communication entitled “Marriott Hotel Report”, subtitled “About players lost their personal goods”, was signed by an unreadable script, and dated 3/7/2016 (Gonzales, 2016). Although the report is entirely in English, the numerous grammatical errors suggest that it was not drafted or reviewed by a native English speaker.

The statement issues four express apologies to players for “any inconvenience caused” from a series of described incidents taking place on March 6, 2016 (Gonzales, 2016). According to the report, the hotel reviewed CCTV footage alongside the police, who purportedly

determined that there was no evidence of any theft (Gonzales, 2016). Marriott acknowledged that “Marriott Event part time staff” entered the rooms several times, and that the need to clear the practice rooms on March 6<sup>th</sup> was not communicated in advance to the organizer (Perfect World) (Gonzales, 2016). The failure to inform Perfect World in advance can be characterized as a limited acknowledgement of responsibility. It is suggested by Marriott that Perfect World make a claim of stolen items directly to the Wuliqiao police station.

While the inclusion of multiple express apologies, and does make a limited acknowledgement of responsibility vis-à-vis the failure to inform Perfect World or the tournament players that the practice rooms would be cleared in advance, it also denies the core claim at issue – theft of personal items. The report seeks to redirect further responsibility for the incident towards Perfect World and/or the local police, and fails to clearly identify its author. Subsequent media reports (e.g., Gonzales, 2016; Leslie, 2016) reference the “Marriott Event part time staff” as outsourced third-party cleaners, and state that Marriott eventually offered to provide compensation for the personal items at issue. If true, such actions would constitute a compensation offer. Because this incident appears to have arisen from Marriott’s failure to notify Perfect World and tournament players of an imminent cleaning rather than any intentional misconduct or employee theft, it is best characterized as a competence violation. Although the mea culpa was issued quickly, the inclusion of scapegoating language categorizes it as reactive.

#### **4.4.4.6 2014 Cancer Comments: BioMarin**

Andrea Sloan was an Ovarian cancer patient residing in Austin, Texas who was denied an experimental cancer treatment under development by BioMarin Pharmaceutical of Novato, California. A petition signed by more than 200,000 individuals (including 80+ Texan lawmakers) urged BioMarin to treat Ms. Sloan with the experimental drug even though she was

not part of the trial group. The FDA has a “compassionate use” exemption for non-approved treatments, but there is no formal process to obtain exceptions or requirement that companies grant them (Ball, 2014). CEO Bienaimé had previously characterized the terminally ill 45-year old Ms. Sloan as a “spoiled, petulant brat” who didn’t understand the risks of premature death from a non-FDA approved treatment, analogizing to a now discredited early treatment of breast cancer with bone marrow transplants. Ms. Sloan eventually received a different treatment from another drug company, but died from pneumonia complications on January 1, 2014 (Ball, 2014).

BioMarin Pharmaceutical responded to the controversy surrounding its decision not to provide Andrea Sloan with treatment (and explanatory communications from its CEO) by issuing a circa 171 word statement to The Cancer Letter, a cancer patient advocacy site based in Washington, D.C. The letter appears to have been sent to The Cancer Letter or about November 8, 2013 (Ong, 2013), but the exact date is uncertain. It was issued by Debra Charlesworth, BioMarin’s Director of Corporate Communications. Prior to issuing this letter, BioMarin purportedly considered hiring a crisis management firm over this incident (Ong, 2013). Negative media reports later suggested that BioMarin had “miserably mishandled” the situation, and “failed to effectively communicate to the family or the media what their position is and why they hold it” (Reno, 2014).

The letter from BioMarin stated that the company, “...apologizes for any anguish to Ms. Sloan or others, related to comments made in the press and elsewhere” (Ong, 2013). The foregoing constituted a limited acknowledgement of the harm caused by the CEO’s comments without explicitly casting blame on the company itself (Ong, 2013). However, the company did not apologize for its decision to refuse treatment to Ms. Sloan, instead referring to its “primary consideration” of fairness for all patients (Ong, 2013). The foregoing language suggests that the



values of BioMarin justify its decision to deny treatment. BioMarin stated that the drug in question had only been administered to a single group of 30 or fewer patients, and that its “policy” forbade it from providing unapproved treatments (Ong, 2013). To justify and potentially excuse its decision, the company said that other companies abided by similar policies, and that the provision of experimental drugs outside of official trials would potentially have delayed availability of “...conclusive evidence” of safety, “hampers the health authorities’ consideration for approval”, and potentially “...can obstruct access outside of clinical trials”(Ong, 2013). No references to the FDA’s compassion exemption were made, nor to the potential negative economic consequences to BioMarin from a delayed FDA approval.

Because this incident did not pertain to the competence of BioMarin as a pharmaceutical company, but rather to a request for the issuance of a compassionate exemption by the FDA, it is characterized as an integrity violation. Due to the time gap and inclusion of scapegoating elements this case is classified as reactive.

#### 4.5 Incident Categories

Seven incident categories emerged among the 34 apology texts: community sensitivity (13 cases), product defects (6 cases), industrial accident (4 cases) product launch (4 cases), unethical conduct (4 cases), product pricing (2 cases), and service failure (1 case). These categories are set forth below in Table 16.

**Table 16: Incident Categories**

<b>Incident</b>	<b>Category</b>
Slavery Policies	Community Sensitivity (13)
Sprinter Ad	
Marvel Tea Party	
Discriminatory Policies	
TaoBao MLK Mixup	
Offensive Irish Xmas	

"Deaf and Dumb" Note	
GamerGate	
US Flags on MLK	
Armenians/Turkish Flag	
Lolita Advert	
BAE Intern	
Racist TV Hack	
Valdez Oil Spill	Industrial Accident (4)
Refinery Fire	
Mayflower Accident	
Pizza as Apology	
WeChat Censorship	Product Defect (6)
Blue Screen of Death	
Hybrid Product Glitches	
Superfish	
Tony Hawks 5	
Delivery Stumbles	
JX Online	Product Launch (4)
Warcraft Servers	
Fairy Biography	
Lightroom Glitches	
Union Billboard	Unethical Conduct (4)
IM Dispute	
False AI Statements	
False Grizzly Data	
iPhone Price Drop	Product Pricing (2)
TurboTax Pricing	
NE Power Outage	Service Failure (1)

Community sensitivity cases included the 2014 Bed Bath & Beyond letter apologizing for offensive Irish-themed Christmas items, and the two Chinese company apologies relating to Martin Luther King (Alibaba in 2013, Tencent in 2015). Product defect apologies included Kingsoft's blue screen mea culpa in 2013, and eBay's delivery stumbles mass-apologies between 2009 and 2012. Industrial accident cases involved just two companies – ExxonMobil and Chevron – which were both components of Standard Oil before being divested in 1911 for violating the Sherman Antitrust Act (Chevron, 2017). Product launch failures included the

Lightroom glitch mea culpa from Adobe in 2015, and the Fairy Biography apology from The9 Limited in 2010. Unethical conduct examples included the 2015 Baidu AI Statement and the 2015 Amgen False Data matter. Product pricing examples included the 2007 Apple iPhone price drop response, and the service failure involved Comcast's response to the NE power outage in 2016.

The community sensitivity and unethical conduct incidents all relate to violations of integrity. The two pricing-related incidents were perceived as relating to moral conduct, and are therefore also classified as integrity violations. All but three of the remaining incidents (12 in total) – relating to products, services, and industrial accidents – were processed by consumers as violations of competence or performance. The three exceptions were the 2014 Chevron Pizza as Apology incident, the 2013 Tencent WeChat Censorship matter, and the 2015 Lenovo Superfish incident. The Pizza Apology evolved into a moral issue because of the inadequate compensation, while WeChat Censorship and Superfish incidents were perceived as invasions of privacy. In total, 22 of the incidents were categorized as integrity violations.

#### **4.5.1 Proactive versus Reactive**

The 13 proactive apologies averaged 89 words, whereas the 21 reactive apologies averaged 381 words. While 6 of the proactive apologies were also community sensitivity violations (lowest word count by type), excluding these cases from analysis still resulted in an average word count of 128 for the proactive cases. One reason why proactive apologies were shorter was likely the speed of issuance – the first prong of the researcher's test for proactivity was issuance in under 10 days (from time of perceived transgression).

Only 6 of 13 proactive apologies came from a named issuer, compared to 16 of 21 for the reactive apologies. The greater likelihood of an unnamed issuer may also have sprung in part

from the researcher's 10 day time threshold. In proactive cases, less time was available for vertical transmission of the incident to the executive level, and lower-level employees may not have been empowered to speak on behalf of the organization.

Because the second prong of the researcher's test for reactivity was the inclusion of attacks, denials, justifications or excuses, none of the proactive apologies utilized any such scapegoating elements by definition. The proactive apologies were all less likely to utilize bracketing language (6 out of 13) compared to the 14 of 21 reactive apologies incorporating this element. Because bracketing language serves to distance the apologizer from a transgression by shifting blame to a third party, it is also consistent with a reactionary strategy. Inclusion of scapegoating and bracketing language – and a reactive stance in general – may arise from a perceived risk of legal liability. In other words, the apology directs blame outward in order to shield the company from any claim that is admitting fault and/or causation for an actionable legal claim.

While all corporate statements in response to an alleged transgression are *perforce* *ex post facto*, the elements of speed and decisiveness are characteristic of proactivity, whereas slowness and indecisiveness are characteristic of a reactivity. Existing literature suggests that proactive responses are quick and decisive, whereas reactive responses are generally slow and vague (Williams & Treadway, 1992). Scott and Walsham proposed in 2005 that proactive approaches to crisis management enhance stakeholder relations and thereby reduce reputational risks in the future, whereas “ad hoc”, “static”, and/or “spontaneous” reactive approaches fail to nurture relationships and are therefore less likely to reduce future reputational harm. Williams and Treadway (1992) identified Exxon's 1989 apology for the *Valdez* oil spill as reactive because it was slow and lacked power, in contrast to the quick and decisive proactive stance

taken by Johnson & Johnson. Exxon was also faulted for pursuing a “scapegoating strategy” that attempted to shift blame away from the company towards the *Valdez* captain and the U.S. Coast Guard (Williams & Treadway, 1992).

#### **4.5.2 4Ps**

The emerged typology of incident types outlined in Section 4.5 above was found to align with McCarthy’s 1960 4Ps conceptualization of marketing decision-making: Product, Promotion, Price, and Place. The “Marketing Mix” typology is the primary framework in the marketing literature for understanding how firms make managerial decisions (Grönroos, 1964). The “Product” category relates to a tangible or intangible items or services provided to meet consumer needs; “Price” relates to the consideration (cash or non-cash) that customers are willing to pay; “Promotion” encompasses marketing communications such as advertisements and public relations; and “Place” (or “Distribution”) relates to customer accessibility in a given location (Needham, 1996).

The 13 community sensitivity cases all related to Promotion, as they reflect a concern with public relations. Examples included the 2015 Starbucks apology to Armenian-Americans over an insensitive poster, and the 2016 statement from Microsoft addressing the BAE intern incident. The product defect (6), product launch (4) and service failure (1) cases aligned with Product, as they all related to items and services provided by the company to meet a perceived customer need. An example of a Product issue was the 2015 Adobe Lightroom software product launch, which the company later acknowledged was full of glitches. The four industrial accident cases (such as the 2012 Chevron Refinery Fire incident) related to Place, because they all arose at a company location established to provide customers with access to a product or service. Lastly, the two product pricing incidents clearly aligned with Price (such as the 2007 Apple

iPhone Price Drop incident), because they dealt with customer perceptions of an items cost or perceived value.

The four cases relating to unethical conduct were the only events that did not neatly fit as a group into one of McCarthy's categories. However, case-by-case analysis suggested a clear match for each incident. The 2002 CSX Union Billboard case related to Place (the single billboard at issue was only problematic because of its location at a railway yard used by the company). The 2010 Tencent IM Dispute, 2015 Baidu AI, and 2015 Amgen False Data cases fall under the Product banner, because they pertained to items and/or services made available by the company to meet a customer need. In total, 14 of the analyzed apologies were issued in response to a Product incident, 13 to a Promotion incident, 2 to a Price incident, and 5 to a Place incident.

Analysis of the included apology elements based on Marketing Mix typology indicated a pattern for each type. Both of Price cases included a compensation offer. All five Place cases included an explanation and were issued by a named issuer (likely because the issuing person was bound to a particular location). All but two (out of 14) of the Product cases included a responsibility acknowledgement. Lastly, only two (out of 13) Promotion cases included a compensation offer.

### **4.5.3 SERVQUAL**

The emerged typology of incident types set forth in Section 4.5 above was also found to align with Parasuraman, Zeithaml and Berry's five 'SERVQUAL' dimensions of consumer service quality expectations from organizations – Tangibles, Reliability, Responsiveness, Assurance, and Empathy (1988). SERVQUAL has been recognized as “moving rapidly towards institutionalized status” as a scale for measuring service quality (Buttle, 1994), and 367 citations

to SERVQUAL appeared in the Web of Science database between 1998 and 2013 (Wang, Luori, Luarn, & Peng, 2015). It is therefore plausible to consider SERVQUAL as a useful lens for understanding organizational apologies from the perspective of consumers.

The SERVQUAL scale utilizes a “disconfirmation model” to determine if consumer expectations are matched by a given result (Buttle, 1994). The Tangibles dimension is defined as, “The appearance of physical facilities, equipment, personnel and communication materials” (Buttle, 1994). Reliability is “The ability to perform the promised service dependably and accurately” (Buttle, 1994). Responsiveness captures, “The willingness to help customers and to provide prompt service” (Buttle, 1994). Assurance is defined as “The knowledge and courtesy of employees and their ability to convey trust and confidence” (Buttle, 1994). Lastly, the Empathy dimension relates to, “The provision of caring, individualized attention to customers” (Buttle, 1994).

The four industrial accident cases were all found to relate to Tangibles, as the events at issue transpired at either the physical facilities owned by the issuing organizations (2013 Mayflower, 2012 Refinery Fire, 2014 Pizza Apology) or on equipment operated by said organization (1980 Valdez), and the violations were thus clearly visible before the apologies were rendered. All four Tangibles cases were followed by a subsequent legal settlement.

Six cases were found to align with the Reliability dimension, three of which related to a product launch (2003 JX Online, 2007 Warcraft Servers, and 2010 Fairy Biography) and three of which related to a product defect (2015 Tony Hawks 5, 2014 Hybrid Products, and 2016 NE Outage). While the 2016 NE Outage incident could plausibly be described as relating to Tangibles – if cable television transmissions are considered “communication materials” – it emerged that consumers were more focused on the disruption of a subscribed service in this case.

The foregoing is reinforced by Comcast's offer of partial service credits to customers based on the length of disruption (Dowling, 2016). Five of these cases were preceded by consumer complaints (directly or via social media), while the 2016 NE Outage involving Comcast was clearly identifiable by a disruption of service. All six Reliability cases led to an easy fix as a consequent event.

Four events were found to align with the Responsiveness dimension: 2007 iPhone price, 2013 Repair Policies, 2013 Blue Screen, and 2009-2015 Delivery Stumbles. While these four cases arose from three different incident types (pricing, sensitivity, and defect), they all shared an easy fix as a consequent event. For example, the 2009-2015 Delivery Stumbles apology from eBay appeared to trigger an automatic \$5 credit (Steiner, 2015).

Eleven cases were found to align with the Empathy dimension, with all but two of these cases arising from perceived sensitivity violations: 2005 Slavery Policies, 2016 Racist Hack, 2015 Armenians/Flag, 2007 Sprinter Ad, 2010 Marvel Tea Party, 2014 GamerGate, 2014 Irish Xmas, 2014 'Deaf & Dumb', and 2016 BAE Intern. The remaining two cases arose from pricing (2014 TurboTax pricing) and misconduct (2002 Union Billboard). Three of the apologies were preceded by consumer complaints as an antecedent event (2014 Bed Bath & Beyond, 2014 TurboTax Pricing, and 2014 Armenians/Flag). Five cases were preceded by negative media reports as a primary antecedent (2007 Sprinter Ad, 2010 Marvel Tea Party, 2014 GamerGate, 2014 'Deaf & Dumb', and 2016 BAE Intern), and two cases were preceded by clearly visible evidence of a violation – the 2016 Racist Hack involved a racist message appearing during a TV transmission, while the 2002 Union Billboard arose from the physical removal of an advertisement. Eight of the cases shared an easy fix as one consequent, but two also led to the



issuance of a subsequent apology, while four led to organizational changes (new policies, sensitivity training, and the joining of an anti-harassment organization).

Nine cases were found to align with the Assurance dimension. While these cases arose from four different incident types (defect, sensitivity, misconduct, and launch) all but one case – The 2015 Lightroom Launch – were classified as integrity violations, and thus related to moral misconduct. For example, the 2015 Lenovo Superfish case was the result of a product defect (the Superfish application), but was processed by consumers as misconduct because the application potentially exposed customer data to privacy violations. All but two cases led to an easy fix, but one also resulted in an employee termination (2015 False Grizzly Data), one to a legal settlement (2010 IM Dispute), and three to repeat apologies (2010 IM Dispute, 2015 Superfish, 2015 AI Statements).

#### **4.6 Cross-Border Differences**

Analysis also revealed that apologies issued by Chinese organizations (and by Chinese and U.S. organizations within China) were lengthier than those issued by U.S. organizations (and by U.S. and Chinese organizations within the U.S.). A plausible explanation for the uncovered variances in word counts between the U.S. and China is suggested by Hall's high versus low context dimension (Hall, 1976). Low-context cultures such as the U.S. are more informal and direct, whereas high-context cultures such as China are more formalistic and indirect (Cole, 2015). Using the relative length of an apology as a proxy for formality, the U.S. apologies appear more aligned to a low-context audience whereas the Chinese apologies appear more aligned to a high-context audience.

Of the 11 Chinese apology texts captured and summarized, two arose from insensitivity towards U.S. civil rights leader Martin Luther King Jr. – Alibaba in 2013, followed by Tencent

in 2015 – indicating an unfamiliarity with communities outside of China. This unfamiliarity is also supported by Chinese company apologies issued abroad, such as Kingsoft’s 2007 mea culpa to U.S. consumers for a racist couch label produced by its translation program (Consumerist, 2007). Legal protections based on gender are relatively new in China, with sexual harassment itself not illegalized until 2005 (Paul Hastings, 2007). Alibaba’s 2015 mea culpa over a job advertisement for a Lolita or porn star-like female programmer derided in both the mainland and Hong Kong media as sexist (Sonnad, 2015) suggests that gender sensitivities are increasingly salient in the minds of today’s Chinese consumers.

Another finding was that Chinese apologies included more references to government and nationality than did American apologies. Furthermore, the criticism of Tencent in 2010 and Kingsoft in 2013 by governmental channels was not paralleled in any of the US apologies. The foregoing findings are plausibly explained by Hofstede’s individualism versus collectivism dimension, considered the most prominent facet of cultural variation (Triandis, 1995). Tavuchis suggested in 1991 that collective societies such as China allow for the acceptance of blame by a group for a member’s individual transgression, whereas more individually focused societies like the U.S. generally do not. A plausible alternative explanation for these findings is suggested by regulatory focus orientation (Higgins et al., 2001). Research has found that East Asian cultures are oriented more towards risk prevention whereas U.S. culture is more oriented towards self-promotion (Kurman & Hui, 2011). It is therefore plausible that the references to and/or from the Chinese government are derived from a fear of additional criticism, increased oversight, or regulatory penalties, reflective of a primary prevention focus orientation.

The criticism of Tencent in 2010 and Kingsoft in 2013 via Chinese governmental channels supports the findings in Essay 1 that Chinese companies are perceived as less felicitous

than their American counterparts. U.S. corporations have engaged in world trade for decades, but many Chinese corporations are just now establishing a significant footprint abroad. It is therefore plausible that Chinese corporations find it harder to restore legitimacy and incur a liability of foreignness in their apology-making during this early stage of expansion.

The cross-border findings from this study are acknowledged to derive from a limited number of Chinese companies (11 out of 34 cases) along with one U.S. organizational apology issued in China (in 2012 by Apple). Essay 3 undertakes a more comprehensive and longitudinal examination of cross-border apologies from Apple and Kingsoft as case studies in order to support and build upon the cross-border findings from Essays 1 and 2.

## **5 Discussion**

Under the proposed model of organizational apologies in Figure 7, apologies issued by an organization become ‘felicitous’ (Austin, 1961) when the requisite weight of speech and actions are sufficient proxies for the expected level of sincerity and/or remorse. The rendering of an explicit statement of contrition can serve as an indication of sincerity and/or remorse, especially if it issued from a named person (such as the CEO). However, consumers recognize that organizations are not natural persons capable of experiencing emotions, and thus appear to weigh assurances of future conduct and remediating actions (such as adequate compensation, a product recall, or timely implementation of an easy fix) as potential proxies for contrition. Consumers expect organizations to conduct themselves in line with shared norms of behavior, and also respond positively to statements that acknowledge responsibility and/or declarations of their values. The severity of the transgression at issue impacts how consumers react to an organizational apology, and it is acknowledged that the model proposed in Figure 7 does not explicitly address severity as a moderator (although the possibility of an apology ‘misfire’

arising from inadequate compensation is discussed, and such instances are plausibly attributable to incident severity). While Essay 2 does consider the impact of future apology events when uncovered during the case summarization process, and posits repeat apologies as a potential consequence of an apology misfire in Figure 7, the focus of Essay 2 was on single event versus longitudinal analysis.

Organizations such as corporations may enjoy legal personhood and even the right to free speech, yet they are a legal fiction born from economic imperative and lack the emotional and cognitive attributes of natural persons. A corporation can sue or be sued in court just like a natural person, and is tasked with behaving appropriately even though it's a perpetual fiction motivated primarily by profit-seeking that shields its extant owners from liability. When a corporation blunders, especially one harking from distant shores, we expect a performance worthy of its reputation and rising to the degree of the perceived harm. Humans make mistakes and succumb to greed from time-to-time as well, so we can commiserate with our fictional collective brethren. Corporations also face daily (and hourly) criticism from consumers around the globe and must therefore refine their public persona as an ongoing performance (Hearit, 2006), a reality termed by the researcher as 'omnichronic'. While such performances may involve sincere statements of contrition and/or anguish on the part of individual persons employed or otherwise aligned with the offending corporation, it is suggested that perception trumps reality in organizational apology-making. In other words, consumers appear to process the existence and power of an apology based on an evolving set of alternative facts in the aftermath of a transgression.

Following the advent of the printing press, rhetoric could more easily be committed to paper and thereby immortalize (in a sense) a self-critical or otherwise regretful speech act. The

communication of such speech via writing increases its weight and consequences, as it can be reviewed by more people across greater distances over longer time periods. Sincere or heartfelt apologies may thus have developed greater restorative power and eventually become expected in the advent of a blunder. In today's world of social media and video live-streaming, the power of an apology is likely growing because these new mediums further heighten and compound the apology-making process by making aspects such as sincere facial expressions relevant (Brinke & Adams, 2015). Timely apologies have also become more critical for the suppression of a viral news story, as highlighted by the 2015 Starbucks' apology on Facebook to Armenian-American customers in Los Angeles just four hours after the incident arose. The foregoing factors may provide another explanation for the increasing volume of apologies since the 1990s.

Because of the fictional and omnichronic nature of modern corporate personhood, categorization of transgression responses based on static typologies derived primarily from individual-level studies fail to capture how organizational transgression responses evolve over time as cultural artifacts. The proposed conceptualization of the corporation as a legal fiction may therefore have utility to better explain organizational apology-making, and potentially shed light on other phenomena as well. As Benoit noted in 1995, image restoration campaigns develop over an extended period, and the legally-bestowed personhood of corporations is distinct from natural persons.

## **ESSAY 3: A CASE STUDY OF APPLE AND KINGSOFT**

### **1 Introduction**

Essay 1 found that organizational apologies significantly impact on U.S. market performance, and textual analysis of 34 apology events in Essay 2 found that organizations primarily rely on five elements to convey contrition (explicit apologies, assurances of non-recurrence, responsibility acknowledgements, values statements, and compensation offers) and four elements to shift blame to a third party (attacks, excuses, justifications, and denials). A model of organizational apologies emerged from Essay 2 based on a four-step analysis of apology chronology, word counts, elements, and typology, as well as consideration of antecedent and consequent events. The results from Essay 2 suggested that the components of an organizational apology are predictable based on a transgression typology that aligned with the

4Ps Marketing Mix (McCarthy, 1960) and SERVQUAL (Parasuraman, Zeithaml & Berry, 1988) frameworks, that “non-apology apologies” were sometimes processed by consumers as felicitous apologies over time, and that Chinese mea culpas were longer and made more references to government and nationality than their U.S. counterparts.

While Essay 2 considered the impact of chronology, findings were derived from analysis of apology issuances as individual events. Essay 3 undertakes a more comprehensive and longitudinal examination of apologies issued by two companies – Apple (U.S.) and Kingsoft (China) – to facilitate development of a “thick description” (Geertz, 1973) of organizational apologizing by triangulating the key findings from the dissertation. The case study method allows for a focus on a particular contextual setting using either individual or multiple subjects, and typically incorporates a combination of qualitative analysis (e.g., of archival apology accounts) and quantitative support (e.g., “numbers”, which would include the word counts analyzed herein) (Eisenhardt, 1989). Essay 3 can also be classified as an “instrumental case study” examining specific cases in order to “provide insight into an issue or refinement of a theory” (Stake, 1995, page 237).

Apple and Kingsoft are both successful tech companies founded as personal computer makers and later transitioning to offer software and services; Apple was founded on April Fool’s Day in 1976 (Linzmayr, 2006) while Kingsoft’s predecessor JinShan (meaning “Golden Mountain” in English) was founded in 1973. The two companies have both been led by charismatic, jeans and black tee-shirt wearing billionaires; Steve Jobs (Apple) and Lei Jun (Kingsoft) were both appointed as CEOs at the age of 28, departed to found other successful companies, and eventually rejoined their companies as CEOs at age 42. The archival events

identified in Exhibit A included seven transgressions by Apple and five transgressions by Kingsoft, suggesting they both offer a sufficient number of events for longitudinal analysis.

The Miles and Snow framework (Miles & Snow, 1978), described by Hambrick in 2003 as “the most enduring strategy classification system available”, provides a lens to compare the apologies issued by Apple and Kingsoft over time. The framework identifies four primary strategic groupings – Prospectors, Analyzers, Defenders, and Reactors – based on the overall approach they employ to realize strategic objectives. Scholars have suggested that Apple was a Prospector under the helm of Steve Jobs, but is now characterized as an Analyzer under the leadership of CEO Tim Cook (Gurkov, 2012). The similarities between Apple and Kingsoft support a plausible classification of Kingsoft as a Prospector under the charismatic Lei Jun and an Analyzer when others have been at the helm.

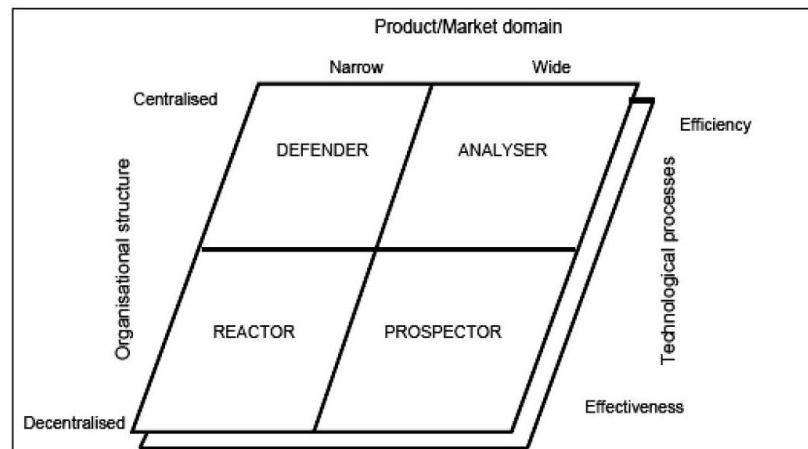
## **2 Literature Review**

The Miles and Snow framework classifies the primary strategies employed by companies based on their overall administration, innovation, and market approach (Miles & Snow, 1978). Figure 8 below indicates how the four strategy types – Defender, Analyzer, Reactor, and Prospector – are characterized based on these broad factors (Jorgensen and Vintergaard, 2004). Defenders focus on the stable growth of existing markets and products; Analyzers seek to maintain stability in some sectors and adopt a “second-but-better” approach to innovation; Reactors employ no consistent strategy whatsoever; and Prospectors are change leaders focused on innovating products and entering new markets ( DeSarbo et al., 2005). While the literature suggests that new business ventures are more likely to be Prospectors, emerging research indicates that entrepreneurs in emerging markets like China face more environmental threats



from competitors and regulatory bodies and are therefore less likely to pursue an innovation strategy (Tang & Hull, 2011).

**Figure 8: Miles and Snow Typology\***



\*Source: Tang and Hull, 2011.

The similarities between Apple and Kingsoft lead to a plausible typology of Kingsoft as a Prospector under the charismatic Lei Jun and an Analyzer when others have been at the helm. The Miles and Snow typology provides a conceptual basis for longitudinal analysis of strategy approaches based on CEO tenure. However, the stream of research suggesting that innovation strategies are less advantageous in emerging countries like China must also be considered (Tang & Hull, 2011). Based on the foregoing, Essay 3 addresses the following research question:

*Do the apologies issued by U.S. and Chinese organizations differ?*

### 3 Research Method

Kingsoft was randomly selected as a case study among three Chinese organizations identified in Essay 2 issuing mea culpas in both the U.S. and China (Kingsoft, Tencent, and Lenovo) using the Random.org website. Apple, Inc. was the only U.S. organization in Essay 2

that issued apologies in both the U.S. and China, and furthermore shared three important similarities with Kingsoft, and was thus purposefully selected as a contrasting American case study. The foregoing selection allows for a focus on cases more likely to yield theoretical insights, in line with the rationale of Eisenhardt (1989). The first similarity between Kingsoft and Apple is a common industry focus; like Apple, Kingsoft's predecessor (JinShan Company) was founded as a computer hardware maker (Cleverism, 2017), and later transitioned into a dual hardware and software provider. The two companies also share a similar historical timeline, as Apple was founded in 1976, while Kingsoft's predecessor JinShan Company was founded in 1973 (Cleverism.com, 2017). Lastly, both companies have featured high profile, charismatic leaders at the helm; Kingsoft's former CEO Lei Jun (1998-2007) – who departed the company to found mobile phone giant Xiaomi – was profiled by *Forbes* as China's equivalent to Steve Jobs (He, 2012; Mac, 2012).

The public communications issued by Apple and Kingsoft in response to allegations of wrongdoing in the U.S. and China, together with corresponding media responses, are chronologically analyzed company-by-company and then compared against each other. This approach is aligned with the case study methodology suggested by Eisenhardt (1989), namely “within-case analysis” followed by “cross-case pattern search”. The transgression events for Essay 3 were compiled from archival sources, beginning with the seven Apple and five Kingsoft events among the 187 cases in Appendix B. The dataset was expanded with four new Apple events and one Kingsoft event by searching the terms “Apple” or “Kingsoft” and “Apology” in the archives of *Harvard Business Review*, *The Wall Street Journal*, and *Business Week* in April 2017. Lastly, Google searches for the terms “Apple” or “Kingsoft” along with the last names of the prior CEOs for both companies (Mike Scott, John Sculley, and Tim Cook for Apple; Kau Pak

Kwan, Lei Jun, Tao Zou, and Zhang Hongjiang for Kingsoft) were conducted in April 2017, identifying one additional Apple case. *Haunted Empire: Apple After Steve Jobs* (Kane, 2014) was also reviewed, but did not yield any new events. Table 17 below sets forth the analyzed transgressions for each company.

The events were first sorted chronologically from oldest to most recent for each company. The apologies were then grouped based on their issuance during the tenure of a charismatic CEO (Lei Jun and Steve Jobs, respectively) or outside thereof.

**Table 17: Transgressions**

**Apple Transgressions**

<u>Incident</u>	<u>Company</u>	<u>HQ</u>	<u>Event</u>	<u>Year</u>	<u>CEO</u>	<u>Words</u>	<u>Source</u>
Apple III	Apple	US	US	1980	Scott	NA	4/17 Media
1985 Superbowl	Apple	US	US	1985	Sculley	NA	4/17 CEO
iPhone Price Drop	Apple	US	US	2007	Jobs	451	Master
Stock Options	Apple	US	US	2006	Jobs	52	4/17 Media
MobileMe	Apple	US	US	2008	Jobs	247	Master
Baby Shaker	Apple	US	US	2009	Jobs	44	4/17 Media
AntennaGate	Apple	US	US	2010	Jobs	596	Master
FoxConn Suicides	Apple	US	China	2010	Jobs	NA	4/17 Media
Maps App	Apple	US	US	2012	Cook	263	Master
Samsung	Apple	US	UK	2012	Cook	NA	4/17 Media
Tax Avoidance	Apple	US	US	2013	Cook	NA	4/17 Media
Repair Policies	Apple	US	China	2013	Cook	812	Master
IOS Fiasco	Apple	US	US	2014	Cook	55	Master

**Kingsoft Transgressions**

<u>Incident</u>	<u>Company</u>	<u>HQ</u>	<u>Event</u>	<u>Year</u>	<u>CEO</u>	<u>WRDS</u>	<u>Source</u>
JX Online	Kingsoft	China	China	2003	Lei Jun	434	Master
Game Hack	Kingsoft	China	China	2004	Lei Jun	334	Master
Racist Couch	Kingsoft	China	US	2007	Lei Jun	43	Master
Data Privacy	Kingsoft	China	China	2012	Tao Zou	117	Master
Death by Work	Kingsoft	China	China	2012	Tao Zou	NA	4/17 Media
Blue Screen	Kingsoft	China	China	2013	Tao Zou	710	Master

## 4 Apology Findings

### 4.1 Apple Apology Findings

A timeline of Apple's CEOs is set forth below in Figure 9. The earliest transgression identified for Apple arose in 1980, when Michael Scott was serving as CEO. The Apple II design was found to have a defective power supply leading it to overheat, which ended up costing the company \$60 million (Hattersley, 2016). While customers were offered a free repair fix for the problem (Hattersley, 2016) the company never issued an apology. Although Mr. Scott had served as Apple's CEO since 1977, Jobs was Chairman of the Board and it was reported that, "Jobs handled the business end" (Weinberger, 2017). A leaked conversation involving Tim Cook and the head of the maps division (Mr. Forstall) in 2012 revealed that the decision not to issue an apology over the Apple III incident was made by Jobs, as Forstall defended his refusal to sign an apology to customers because, "Steve never even apologized for the Apple III" (Lemkin, 2012). While Mr. Jobs might have supported Forstall's decision, CEO Tim Cook instead fired him and issued the apology under his own name on Apple's website (Kane, 2014).

**Figure 9: Apple CEO Timeline**

4/1/1976	<i>Steve Jobs "handled the business end" as a founding partner (Weinberger, 2015)</i>
2/1/1977	Michael Scott
3/1/1981	Mark Markkula
4/8/1983	John Sculley
9/7/1985	<i>(Steve Jobs departs Apple)</i>
6/2/1993	Michael Spindler
2/2/1996	Gil Amelio
9/16/1997	Steve Jobs
8/24/2011	Tim Cook

In 1980 Steve Jobs made his historical trip to the hapless Xerox researchers at PARC, where he obtained the inspiration and proof of technical feasibility for Apple's ground-breaking

graphic user interface (Weinberger, 2017). While the pirate flag would not fly outside of Apple's headquarters until 1983 (Warren, 2016), the visit to PARC, development of an untested product (GUI and mouse), and "no apologies" management style appear to reflect Jobs' risk-taking approach to business strategy. While his pirate-like moves and purportedly abrasive management style (Yarrow, 2011) led to innovative breakthroughs with its operating system and hardware design, these characteristics also made him "disruptive", according to his eventual replacement John Sculley (Edwards, 2015). Jobs was also criticized in the media for failing to acknowledge paternity for his biological daughter during this period, although many years later he did offer a personal apology (Elkind, 2015).

After the "disruptive" Steve Jobs' involuntary departure from Apple in 1985, John Sculley took over the reins at the company as CEO. Mr. Sculley's strategic vision for Apple differed sharply from Steve Jobs. His approach focused on stable growth of the company's best-selling product: "...my job was to grow the Apple II, which was outsold two to one by the Commodore" (Edwards, 2015). Sculley's statements parallel those of Apple's first CEO, Michael Scott, who served during the company's early years alongside Steve Jobs as a founder. Scott described Jobs as a poor supervisor who cared about product more than people (Yarrow, 2011). Mr. Sculley had previously served as the Vice President of PepsiCo (Edwards, 2015).

In 1985, Apple attempted to replicate the success of its famous "1984" Superbowl advertisement by depicting office workers in blindfolds walking off a cliff to the Snow White lyrics "Heigh-ho, Heigh-ho" (Creamer, 2011). The advertisement, named "Lemmings", was widely ridiculed after it aired in the game's final quarter (Creamer, 2011). Mr. Sculley was reported to have considered running a *Wall Street Journal* advertisement to apologize for the ad failure, but held back after receiving push-back from the advertising agency which produced it

(Creamer, 2011). Had the agency not complained, it appears that the more risk-averse Sculley would have gone ahead with the apology issuance. By 2013 Mr. Sculley had softened his position on Jobs, stating that “I did not have the breadth of experience at that time to really appreciate just how different leadership is when you are shaping an industry” (Lane, 2013). Two years later, he acknowledged in an interview that, “it was a terrible mistake” to have forced Jobs from the company (Edwards, 2015).

After departing from Apple, Steve Jobs founded Pixar and NeXT and then sold the companies for large sums (Crunchbase, 2017), restoring his reputation as a business leader and making him a billionaire. Meanwhile, Apple’s fortunes in the volatile tech sector continued to diminish, and Mr. Sculley departed from the company in 1993. In 1997 Apple invited Steve Jobs to rejoin the company he co-founded inside a California garage. Apple still appeared to pursue a “no apologies” culture, declining to issue mea culpas for failed late 1990s products such as the Bandai Pippin (Hattersley, 2016). There was a 22 year gap between the “Lemmings” incident and the next apology event, the 2006 Stock Options matter.

In 2006, Jobs was personally embroiled in a Silicon Valley scandal involving backdated stock option grants following a special report from the company’s board of directors (Apple, 2006). One Apple director resigned as a result, and a report was filed with the SEC (Apple, 2006). Jobs issued the following letter on the incident to offer his contrition:

**I apologize to Apple's shareholders and employees for these problems, which happened on my watch. They are completely out of character for Apple....**

**We will now work to resolve the remaining issues as quickly as possible and to put the proper remedial measures in place to ensure that this never happens again.** (Apple, 2006)

The stock option backdating statement includes an explicit apology (“apologize”) coupled with an assurance of non-recurrence (“We will now work...”), acknowledgment of responsibility (“on my watch”), and a values statement (“out of character for Apple”) (Apple, 2006). The full complement of apology elements found by organizations to convey contrition in Essay 2 were represented in this communication, and there is no attempt to deflect responsibility to a 3<sup>rd</sup> party. Jobs and other senior Apple executives later reached a \$14 Million legal settlement with shareholders for this matter (Metz, 2008).

After the 2006 stock options scandal, Steve Jobs appears to have somewhat softened his apology stance, as the company became more apologetic for the type of product glitches that it once refused to acknowledge (i.e., Apple III in 1980). The iPhone Price Drop (2007), MobileMe (2008), Baby Shaker (2009), and AntennaGate (2010) incidents all led to apology issuances by Apple, and they all related to new product launches. However, Jobs’ apparent dislike for apologizing still came through in mea culpas issued under his name; the iPhone Price Drop statement actually blamed customers for not accepting that, “the technology road is bumpy” ((Tehrani, 2007). According to a 2014 book on Apple, the weakly-worded 2010 AntennaGate statement from Apple, issued in passive voice, reflected the company’s concern to avoid looking like, “a dog with its tail between its legs” (Kane, 2014):

**For those who have had concerns, we apologize for any anxiety we may have caused.** (Ionescu, 2017).

In 2010 and 2011, Apple also declined to apologize for a series of suicides at the China-based factories operated by FoxConn, the outsourced manufacturer for the majority of Apple’s products such as the iPhone and iPad. Tim Cook, a supply-chain expert at Apple who was likely in close contact with Foxconn during this time, became CEO of Apple in August, 2011 after

Steve Jobs' health issues led him to voluntarily leave the company. Under Cook as CEO, Apple lost its reticence to apologize to consumers for product-related issues; the 2012 mea culpa from Apple for problems with its map application starkly contrasts with earlier apologies from Steve Jobs criticized as arrogant (Kane, 2014). Leaked transcripts of the conversations among Cook and the extant head of its map division (Lemkin, 2012) supports this finding:

*July 17, Cook-Forstall 1-on-1 Meeting:*

**Forstall:** "Tim – Maps is gonna be a piece of s\*\*\* if we ship on August 15. We have to renew with Google. Maps will kick a\*\* if you just give us another 6 months. Even 4 months."

**Cook:** "This is my shop now. We ship on time. Period."

**Forstall:** "Jobs wouldn't never have done this."

**Cook:** "Yeah, and Jobs 1.0 got fired when the Skinny Mac was 12 mos. late and cost \$2,500 instead of \$1,000. Meeting over. Claire, send in Bob Mansfield."

*October 1, Tim Cook Staff Meeting:*

**Secretary of the Meeting:** "5 Minutes to You, Mr. Ive"

**Ive:** "I couldn't be more pleased with the reception for the iPad Mini and the super-skinny iMac. But, uh, the Maps fiasco ..."

**Cook:** "What's your recommendation?"

**Ive:** "I know it's a new thing for us ... but ... let's just apologize. Let's try. Just once. It's the software, not the hardware, anyway. Whatever."

**Cook:** "Let's try it. Any disagreement?"

[silence]

*October 2: Cook-Forstall 1-on-1 Meeting:*

**Forstall:** "I need another 100 engineers, then we can get the right maps out by Q1. And do something really special."

**Cook:** [silence]

**Cook:** [sound of paper sliding across the table]



**Cook: “Sign the apology.”**

**Forstall: “Me? Me? I told you this would happen. I told you it was a POS.”**

**Cook: “Sign the apology.”**

**Forstall: “Me? You should be apologizing to me for making me ship it. This isn’t the deal I had with Steve.”**

**Cook: “Think about it. 24 hours.”**

**Forstall: “Steve never even apologized for the Apple III.” (Lemkin, 2012).**

While Tim Cook’s apology strategy was much more relaxed in the face of customer complaints over product issues, the company maintained its “no-apology” stance when it came to outside organizations. For example, when Apple was ordered to publicly apologize to Samsung by a United Kingdom judge in regard to an intellectual property verdict, its mea culpa was deemed so insufficient (placing the statement “below the line” on its website, for one) by the presiding judge that it had to re-apologize more prominently (Hardawar, 2012). Apple also declined to apologize for allegedly shielding its profits in overseas accounts to avoid U.S. taxation when publicly called on to do so by U.S. Congressman Levin in 2013 (Kane, 2014).

The foregoing examples suggest that Apple now declines to apologize if there is a significant threat of legal liability, but is willing to express contrition to consumers for product and/or promotional issues. This more conservative strategic approach appears logical given that Tim Cook rose through the corporate ranks as a supply chain expert, as opposed to Steve Job’s pirate-like approach. The differing university commencement speeches given by Jobs at Stanford University in 2005 and Cook at Auburn University in 2010 highlight this contrast; whereas Jobs stressed that he was “lucky”, and “found what I loved to do early in life,” (Stanford, 2005), Cook remarked that he began his job interview at Apple with “caution and logic,” but decided to join the company five minutes into it because of the “...once in a lifetime opportunity to work for a creative genius” (Eaton, 2011). It is doubtful that Jobs would ever

have expressed a passion to work *for* someone else, as opposed to going down his own bumpy road in life with a pirate flag waving overhead. While Cook has led Apple to become the world's most valuable company based on market capitalization, he has also been parodied for not being as innovative as his predecessor (Onion, 2013).

#### **4.2 Kingsoft Apology Findings**

Kingsoft's predecessor JinShan was founded in 1973 as a personal computer manufacturer. Kingsoft was established by JinShan in 1988 to focus on software development, releasing its first office suite one year later (Cleverism, 2014). While the company became a technological leader in Asia based primarily on its office suite, it has diversified into a broad range of product areas and earned more than half of its revenues in 2015 from its 47% stake in Cheetah Mobile (Ren, 2016). In its early years the company focused on Chinese governmental entities as its primary customers (Zhang, 2008). Like Apple, Kingsoft nearly went bankrupt at once point in its history, which it blamed on domestic software piracy (He, 2012).

A timeline of Kingsoft's CEOs is set forth below in Figure 10. Lei Jun became CEO of Kingsoft at the age of 28, the same year as Steve Jobs, and just like Jobs departed his first company to start another successful business venture (He, 2012). Jun founded Xiaomi, a leading Chinese mobile phone maker, and currently has a net worth of 6.8 billion dollars (versus Steve Jobs' 10.2 billion net worth upon his death in 2011) (Forbes, 2017b). Mr. Jun wears jeans and black tee-shirts just like Jobs, purportedly shares a similar irritable streak, and has been described as, "a bone fide homegrown tech revolutionary" (McKenzie, 2013). Like Jobs, Lei Jun returned to Kingsoft at age 42 (Lee, 2015).

**Figure 10: Kingsoft CEO Timeline**

1973	<i>JinShan founded (Hong Kong)</i>
1988	<i>Pak Kwan Kau joins JinShan</i>
1993	<i>Kingsoft Software founded</i>
1993	Pak Kwan Kau
1997	Jun Lei
2007	<i>Jun Lei departs Kingsoft after IPO</i>
2007	Pak Kwan Kau
2011	<i>Jun Lei returns as Chairman</i>
2011	Zhang Hongjiang
2016	Tao Zou

Two of the three apologies issued by Kingsoft while Lei Jun was CEO were in response to product launch miscues, similar to those issued by Steve Jobs. The 2003 JX Online statement related to a new product beta test, while the 2007 racist couch incident arose from a translation program glitch blamed on a faulty third party dictionary. The 2004 game hack apology was appended a letter from a third party hacker who accepted full responsibility for the incident, and redirected responsibility to a third party without issuing an explicit apology of its own.

The three transgressions responses from Kingsoft during the tenure of CEO Tao Zou after Lei Jun's departure included a 2012 apology from a lower-level employee for a data privacy breach, and a 2012 non-apology for an employee who purportedly may have died from overwork at the company (Wang, 2012). The non-apology for overwork may also reflect a desire to avoid legal liability, and parallels the non-apology from Apple during the same time period for the FoxConn suicides in China. Lastly, the 2013 blue screen of death apology by Kingsoft was initially blamed on Microsoft, and led to accusations from Chinese customers that Kingsoft had offered a more sincere apology to its Japanese customers (Sina.com, 2013). During the China

Public Radio interview with Kingsoft over the incident, a security expert opined that Kingsoft, “should learn from Microsoft” how to better manage a crisis response (Sina.com, 2013).

While Kingsoft under Lei Jun’s tenure did not appear to share Apple’s reticence to apology under Steve Jobs, there are many structural similarities to their transgression responses. For example, all of the apologies under their tenure (excepting Steve Jobs’ personal involvement in the stock options scandal) related to product launch issues. Apologies issued by both companies attempted to shift blame to third parties when plausible (Kingsoft’s blaming of a faulty dictionary for the racist couch incident; Apple’s blaming of its own customers for the iPhone price drop matter). Both companies also declined to issue apologies in response to worker/contractor deaths, likely out of liability concerns. It also appears that the rate of apology issuances has increased under Tim Cook and Tao Zou, although this finding is acknowledged to potentially arise from reliance on the Google search engine (older events are presumably less likely to appear among results). However, the apology-avoidance approach of Steve Jobs has been documented (i.e., Kane, 2014) and it appears that Lei Jun shares a similar aversion to issuing a mea culpa.

The apologies issued under Jobs and Lei Jun were far shorter on average than those issued by the other CEOs, with an average word count of 275 versus 391. The brevity of the apologies from Jobs and Lei Jun also suggest a hesitance to apologize, plausibly stemming from a risk-taking strategy emphasizing innovation over stable growth.

The apologies issued in China (481 words) were also lengthier than those issued in the U.S. (219 words), which suggests that the companies are tailoring their mea culpas to match differing cultural expectations with regard to apology content. Apple’s apologies (315 words) were longer than Kingsoft’s (328 words) on average, indicating that the country of apology

issuance matters more than the country where a company is headquartered. The only two apologies referencing government or nationality (Apple's 2013 repair policies, and Kingsoft's 2013 blue screen) were issued in China, potentially reflecting an increased concern with regulatory risk in the Middle Kingdom.

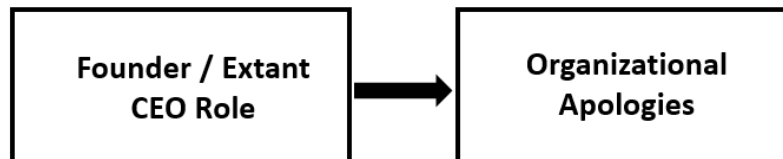
## **5 Discussion**

While some cross-border differences in the apologies issued by Apple and Kingsoft were identified in Essay 3, both companies appeared to have similarly adapted their mea culpas for the U.S. and China in terms of word count and governmental references. Thus, while cultural differences between the two companies (based on national headquarters) was expected to be a paramount locus of differences between the Apple and Kingsoft apologies going into the case study, the findings unexpectedly suggest that business strategy trumps national culture when it comes to the issuance of apologies from organizational transgressors. The structural similarities in the mea culpas issued by both companies – in terms of transgression events, non-apology instances, third-party blame shifting when plausible, less frequent apologizing under the leadership of more charismatic CEOs, and word count variances – suggest that the Miles & Snow typology may be a more useful lens for comparing organizational apologies than culture. Apple and Kingsoft both appear to have pursued a Prospector strategy under the leadership of Jobs and Lei Jun, which emphasizes the taking of risks in pursuit of new products and new markets over stable growth. By contrast, the two companies appear to emphasize stability and risk management under other CEOs, characteristic of an Analyzer approach. However, both companies did alter their apology content to some degree depending on the country where the transgression occurred, indicating that culture is still relevant for understanding mea culpas from

the perspective of individual consumers. Figure 11 below indicates the proposed moderating role played by founders and CEOs in the issuance of organizational apologies.

**Figure 11**

**Moderating Role of Founders & CEOs on Organizational Apologies**



## **GENERAL DISCUSSION**

### **1 Synthesis of Findings**

The quantitative analysis of Cumulative Abnormal Returns in Essay 1 uncovered a significant negative impact on stock price from organizational apologies. Essay 1 also found that incidents relating to a breach of integrity (unethical conduct) were more difficult for organizations to repair than incidents arising from a breach of competence (performance, ability, or knowledge). Building on these findings, a grounded theory method was used in Essay 2 to define the elements of an organizational apology. From analysis of apology texts collected from archival sources, it emerged that organizations rely primarily on explicit statements of contrition and assurances of non-recurrence to express contrition to consumers, with responsibility acknowledgements, compensation offers, and values statements also sometimes included. A model of organizational apologies was proposed in Essay 2 that incorporated the foregoing with another finding that the emerged incident categories aligned with both the 4Ps Marketing Mix (McCarthy, 1960) and SERVQUAL dimensions of service quality expectations (Parasuraman, Zeithaml & Berry, 1988), and 12 corresponding templates for organizational apologies were developed. Lastly, the longitudinal case study of Apple and Kingsoft apologies in Essay 3 uncovered a moderating role played by founders and CEOs in the issuance of organizational apologies, with the Miles and Snow strategic typology (1978) emerging as a useful lens for comparing organizational apologies. The multimethod approach utilized in this research –

quantitative analysis (Essay 1), grounded theory (Essay 2), and case study (Essay 3) – fostered the development of a “thick description” (Geertz, 1973) of organizational apologies, and represents a methodological contribution to the field.

## **2 Meso-Level Model of Organizational Apologies**

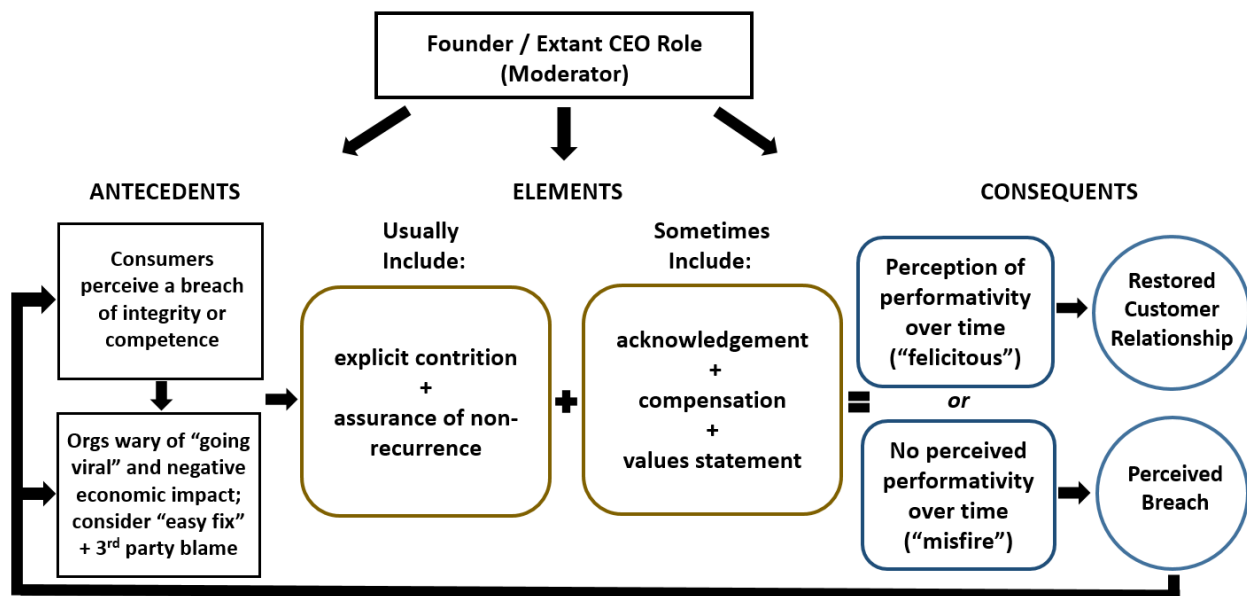
Figure 12 below proposes a meso-level model of organizational apologies which integrates the findings from Essay 3 with the initial organizational apology model in Essay 2 (Figure 7). The development of this model is a primary theoretical contribution of this research to the management literature. This model addresses a research gap, as the apology literature has to this point, “simply assumed that such [organizational] apologies are identical with private apologies” (Koehn, 2013). While the most-frequently cited apology literature (Table 1) identifies the sincere expression of regret and/or remorse as a critical element of an effective apology, it emerged from this research that assurances of non-recurrence are a critical component of organizational apologies, whereas empathy statements are rarely included. The 12 template organizational apologies set forth in Appendix H can be used by managers to construct effective apologies based on transgression typology, and thus constitutes a contribution to practitioners.

The alignment of the apology cases with the 4Ps and SERVQUAL frameworks suggests that organizations respond to transgressions and frame their statements of contrition from a marketing perspective, rather than an ethical paradigm. Tavuchis noted in 1991 that corporations can still demonstrate sincerity “in a matter of speaking”, but it appears that customers are more interested in a company’s future performance and/or conduct than a faux emotional response (or “mask”, as suggested by Hearit in 2006). In other words, “why should I buy from you again?” appears to be the predominant concern that organizations address in their mea culpas to consumers.



Although corporations cannot experience emotions like regret and sorrow, they are still expected to behave as responsible economic citizens. Thus, consumers anticipate that an organization will perform the customary rites to render a ‘felicitous’ apology, and have been shown to react unfavorably when management leaders do not display the expected facial indications of remorse (Brinke & Adams, 2015). A corporation intending to maximize the restoration of its legitimacy after a transgression is therefore tasked with constantly reappraising its image and comporting with prevailing attitudes. During the economic life of a corporation, these prevailing sentiments may shift dramatically from generation to generation, and vary from country to country. When circumstances demand that an organization atone for a current or past perceived transgression in order to maximize its legitimacy, the company may seek to frame its response as an apology, regardless of whether the words “I apologize,” “I’m sorry,” or “I regret” are explicitly communicated. This approach allows the corporation to continually pursue profits while minimizing any risk of liability or loss of investment principal by its shareholders.

**Figure 12: Meso-Level Model of Organizational Apologies**



As noted in Essay 2, the explicit contrition element in the above model may be omitted (except for transgressions arising from Place (4Ps) or Tangibles (SERVQUAL)) if an assurance of non-recurrence and compensation offer are also included. The assurance of non-recurrence element may only be omitted if an “easy fix” is available. Acknowledgements may be included as an element unless it is plausibly justifiable to blame a third party, but should always be included for transgressions arising from a product-related issue. Compensation (before, within, or after the apology issuance) should only be included for transgressions arising from Promotion (4Ps) or Empathy (SERVQUAL) if there is an “easy fix”, but should always be included for Price-related incidents. Potential apology misfires (Austin, 1961) may arise from inadequate compensation, inadequate expression of contrition (i.e., a “faulty fix” in a repeat apology) likely recurrence of the offense, implausible third-party blaming, and/or cultural non-congruence (i.e., overly formalistic in the U.S. or overly casual in China, based on Hall’s high versus low context theory (1976)).

### **3 Limitations and Future Directions**

Reliance on primarily English-language archival sources is an acknowledged limitation of this research, although mitigating steps were taken (e.g., conducting parallel searches on the Chinese search engine Baidu). Essay 1 also did not control for transgression severity, which could have impacted on the results. Essays 1 and 2 both focused on initial apology issuances as singular events, and may not have fully captured the impact of repeat apologies. However, Essay 2 did analyze repeat apologies as a consequent event to an initial apology, and the case study method employed in Essay 3 allowed for longitudinal analysis of organizational apologies over five decades.

A future direction of this research is expansion of the proposed meso-level model in Figure 12 above into a multi-level model that considers all structural levels (individuals and groups) that are potentially germane to organizational apologies, both internal and external to the organization. As one step, an instrument developed by the researcher is currently being administered to university students to assess the intersection of culture and apology effectiveness at the individual level. The author is also collaborating with finance scholars to expand the apology dataset in Essay 1 to more than 400 events and potentially incorporate cross-border variables into the analysis. Lastly, the researcher plans to further examine the impact of founders and CEOs on apology strategy by considering Alibaba and Amazon.com as additional case studies.

## APPENDIX A: CAR Dataset

	A	B	C	D	E
1	ORG	Type2	Locale	HQ	CAR_ev
2	Adobe	Compete	US	US	0.028044
3	Google	Integrity	China	US	-0.0398978
4	Google	Integrity	China	US	0.0019794
5	Google	Integrity	China	US	0.0083207
6	Amazon	Integrity	US	US	-0.0853342
7	American Airlines	Integrity	US	US	-0.0656711
8	Apple	Integrity	US	US	-0.0304003
9	Apple	Integrity	US	US	-0.0163918
10	Apple	Integrity	US	US	0.0038422
11	Apple	Integrity	US	US	-0.0882068
12	Apple	Integrity	US	US	0.0098308
13	Apple	Integrity	US	US	-0.0293015
14	Aveo	Compete	US	US	0.0422288
15	Baidu	Integrity	China	China	-0.3050487
16	Baidu	Integrity	China	China	0.0586245
17	Bed Bath & Beyond	Integrity	US	US	0.0068191
18	Boeing	Integrity	US	US	-0.00479
19	Boeing	Integrity	US	US	-0.0196518
20	Boeing	Integrity	US	US	0.0061064
21	CNOOC Ltd	Compete	China	China	0.0134593
22	CSX	Integrity	US	US	0.0125684
23	Chevron	Compete	US	US	-0.0048337
24	Chevron	Compete	US	US	-0.0110415
25	Chevron	Compete	US	US	0.0068163
26	China Mobile Ltd	Integrity	China	China	-0.0248599
27	Sinopec	Compete	China	China	-0.0474651
28	Chipotle Mexican Grill, Inc	Compete	US	US	0.048108
29	Cisco	Compete	US	US	0.0314446
30	Cisco	Compete	US	US	0.055165
31	Coca-Cola	Integrity	US	US	0.0123877
32	Coca-Cola	Integrity	US	US	0.0018171
33	Coca-Cola	Integrity	US	US	0.0271722
34	Costco	Integrity	US	US	0.0101558
35	Ctrip.com	Integrity	China	China	-0.0640057
36	Ctrip.com	Integrity	China	China	0.0256303
37	Dominos Pizza	Integrity	US	US	-0.0780067
38	Dupont	Integrity	US	US	0.0325442
39	Electronic Arts	Compete	US	US	-0.0098919
40	Electronic Arts	Compete	US	US	0.0159721
41	Exxon Mobil	Compete	US	US	-0.0340248
42	Exxon Mobil	Compete	US	US	0.0077281
43	FedEx	Integrity	US	US	-0.0096338
44	General Electric	Compete	US	US	-0.0024047
45	General Motors	Compete	US	US	0.0031015
46	Goldman Sachs	Compete	US	US	-0.0383718
47	Goldman Sachs	Compete	US	US	0.0197047
48	HP	Compete	China	US	0.0120702
49	Home Depot	Integrity	US	US	0.0035916
50	Home Depot	Integrity	US	US	-0.0164336
51	Intel	Compete	US	US	0.0744226
52	Intel	Compete	US	US	-0.0161538
53	Intel	Compete	US	US	0.0351813
54	IBM	Integrity	US	US	0.0050244
55	Intuit	Compete	US	US	0.0007912
56	JP Morgan Chase	Integrity	US	US	0.0003372

57	JP Morgan Chase	Integrity	US	US	0.0090444
58	JD.com	Integrity	China	China	-0.0292047
59	JetBlue	Compete	US	US	-0.0410021
60	JetBlue	Compete	US	US	0.0350262
61	Johnson & Johnson	Integrity	US	US	0.0127993
62	Johnson & Johnson	Integrity	US	US	-0.0041929
63	J&J	Integrity	US	US	0.0144585
64	Kraft Heinz	Compete	US	US	-0.0196544
65	Mattel	Integrity	US	US	0.054072
66	Mattel	Integrity	US	US	0.0005451
67	Mattel	Integrity	US	US	0.0204013
68	McDonalds	Integrity	US	US	0.0060104
69	McDonalds	Integrity	US	US	0.0087701
70	McDonalds	Integrity	US	US	-0.036081
71	Netflix	Compete	US	US	-0.1054808
72	Netease	Integrity	China	China	-0.0889173
73	Netease	Integrity	China	China	-0.0178369
74	Nike	Integrity	US	US	0.0110561
75	Nike	Integrity	US	US	0.0419955
76	Nvidia	Compete	US	US	-0.0065073
77	JCPenney	Compete	US	US	0.0093992
78	PepsiCo	Integrity	US	US	-0.0085233
79	PetroChina	Compete	China	China	-0.0047029
80	Qualcomm	Compete	US	US	-0.0071824
81	Starbucks	Integrity	US	US	0.010828
82	Symantech	Integrity	US	US	-0.0124891
83	T-Mobile US	Integrity	US	US	-0.0138631
84	Target	Compete	US	US	-0.0292114
85	The9 Limited	Compete	China	China	0.0604642
86	The9 Limited	Compete	China	China	0.0092871
87	AOL	Integrity	US	US	-0.0095153
88	United Airlines	Compete	US	US	-0.030902
89	Verizon	Compete	US	US	0.0256127
90	WalMart	Integrity	China	US	0.0003382
91	WalMart	Integrity	China	US	0.0169766
92	WalMart	Integrity	China	US	-0.0173164
93	WalMart	Integrity	China	US	-0.0144664
94	WalMart	Integrity	China	US	-0.0007095
95	WalMart	Integrity	China	US	-0.02052
96	Walgreens Boots Alliance	Compete	US	US	-0.0068422
97	Whole Foods Market, Inc.	Integrity	US	US	-0.0115352
98	Whole Foods Market, Inc.	Integrity	US	US	-0.0115352
99	Yahoo	Integrity	China	US	0.0434001
100	Yahoo	Integrity	China	US	-0.1640939
101	Yum	Integrity	China	US	-0.0487941
102	Norwegian Cruise Line Holdings Ltd	Integrity	Tunisia/US	US	-0.0272607
103	Sina Corp	Integrity	China	China	-0.1091268

## APPENDIX B: Master Spreadsheet

(Oversized File – Attached JPGs Do Not Show All Content)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
Allegation	Type	Type	Severity	Identified Victim	MNC	Locale	MNC HQ	Transgression Category	Source	Apology?	Apology Date	Issuer	Gender	Format	Key Words?		
Food Scandal - expired m	Food Safety	Integrity	Low	GS 2-15	McDonald's	China	US	7/20/2014	News H	YES	7/21/2014	Becca H	Female				
Food Scandal - expired m	Food Safety	Integrity	Low	GS 2-15	Yum	China	US	7/20/2014	News H	YES	7/21/2014	Virginia	Female				
Food Scandal - Fox in the	Food Safety	Integrity	Low	GS 2-15	Wal-Mart St	China	US	12/22/2013	http://	YES	1/1/2014	Greg For	Male			"We are dee	
Food Scandal - Expired du	Food Safety	Integrity	Low	GS 2-15	Wal-Mart St	China	US	2/28/2011	http://	YES	3/12/2011						
Price Cheating	Price Cheating	Integrity	Low	GS 2-15	Mattel	China	US	1/26/2011	http://	YES	1/27/2011					Writer "sincere apo	
Product Safety (toys)	Product Safety	Integrity	High	GS 2-15	Mattel	China	US	8/1/2007	News H	YES	9/21/2007	EVP				In Pers "full respons	
Product Safety (toys)	Product Safety	Integrity	High	GS 2-15	Mattel	US	US	8/1/2007	News H	YES	9/18/2007	CEO				Video "full respons	
Warranty Issue	Service Defect	Integrity	Low	GS 2-15	Apple	China	US	3/15/2013	News H	YES	4/1/2013	CEO				Letter "sincerely ap	
Map App problems	Product Defect	Integrity	Low	GS 2-15	Apple	US	US	9/19/2012	Numer	YES	9/28/2012	CEO				Letter "extremely s	
Sad Big Mac Ad	Immunity Sensitiv	Integrity	Low	GS 2-15	McDonald's	US	US	4/8/2013	Blog/Tv	YES	4/9/2013	Spokesperson (N	Private			"sincerely ap	
Red Star Symbol - Signag	Immunity Sensitiv	Integrity	Low	GS 2-15	YUM	US	US	9/17/2014	ipetitio	YES	9/18/2014	Senior V. Male	Private			"we have ma	
Armenians under Turkis	Immunity Sensitiv	Integrity	Low	GS 2-15	Starbucks	US	US	2/18/2015	FB pag	YES	2/18/2015	Nameless	Facebo			"we apologi	
Ignition Recall	Product Defect	Integrity	High	GS 12-15 (G/I	General Mo	US	US	Dec-05	http://	YES	4/1/2014	CEO Mar Female	Congre			"my sincere	
Viral Video	Service Defect	Integrity	Low	GS 12-15 (G/I	FedEx	US	US	12/19/2011	https://	YES	12/21/2011	Nameless	Twitter			"this was cai	
IOS "Fiasco"	Product Defect	Integrity	Low	GS 12-15 (G/I	Apple	US	US		http://	YES	9/25/2014						
Tylenol Tampering	Product Safety	Integrity	High	GS 12-15 (G/I	J&J	US	US	1982	http://	YES	11/11/1982						
Stranded Passengers	Service Defect	Integrity	Low	GS 12-15 (G/I	JetBlue	US	US		http://	YES	2/21/2007						
Superfish	Product Defect	Integrity	Low	GS 12-15 (G/I	Lenovo	US	China		http://	YES	2/23/2015						
Sad News Feeds	Service Defect	Integrity	Low	GS 12-15 (G/I	Facebook	US	US		http://	YES	10/2/2014						
Offensive Language	Immunity Sensitiv	Integrity	Low	GS 12-15 (G/I	T-Mobile US	US	US		http://	YES	6/19/2014						
Price Increase	Service Defect	Integrity	Low	GS 12-15 (G/I	Netflix	US	US		http://	YES	9/18/2011						
Pizza as Apology	Incident / Pollution	Integrity	High	GS 12-15 (G/I	Chevron	US	US	Feb/Mar 2014	Media	YES	2/16/2014						
False Listings	Unethical Conduct	Integrity	Low	GS 7-15	Ma Bio	Alibaba	China	China	2010	http://	YES	2/21/2011					
Qihoo360 Apology to Yah	Product Defect	Integrity	Low	Baidu 7-15	Qihoo 360	China	China	2007	http://	YES	8/16/2007						
Delivery Delay (?)	Service Defect	Integrity	Low	Baidu 7-15	Alibaba	China	China	2012	http://	YES	10/16/2012						
Jian Wang beta	Product Defect	Integrity	Low	Baidu 7-15	Kingsoft	China	China	2003	http://	YES	6/16/2003						
Screen of Death	Product Defect	Integrity	Low	Baidu 7-15	Kingsoft	China	China	2013	http://	YES	6/14/2013						
Hacked gaming data	Privacy	Integrity	Low	Baidu 7-15	Kingsoft	China	China	2004	http://	YES	2/3/2004						
Maleamine in milk	Food Safety	Integrity	High	Baidu 7-15	Sanlu Group	China	China	2008	http://	YES	9/15/2008						
Crashing game	Product Defect	Integrity	Low	Baidu 7-15	The9 Limite	China	China	2010	http://	YES	10/13/2010	Zhang ZfJkn	Open letter read at p				
Game refund cards	Service Defect	Integrity	Low	Baidu 7-15	The9 Limite	China	China	2009	http://	YES	7/21/2009						
Dissident families	Unethical Conduct	Integrity	High	GS 7-15	Yahoo	China	US	2007	http://	YES	11/7/2007	Jerry Yai male	Oral testimony				
Maradona Apology	Unethical Conduct	Integrity	Low	Baidu 7-15	The9 Limite	China	China		News H	YES	June-Dec 2013	Unknown	Company Website				
Barbie Book on Tech	Immunity Sensitiv	Integrity	Low	GS 7-15	Mattel	US	US		http://	YES	11/19/2014	Unnamed	FB Post				
Toxic Spill	Incident / Pollution	Integrity	High	GS 7-15	Zijin Mining	China	China		http://	YES	7/20/2010	Chairman	Television (later Boa				
Pipeline Blast	Incident / Pollution	Integrity	High	GS 7-15	Sinope	China	China	11/22/2013	http://	YES	11/23/2013	Chairman	Statement (unknow				
False AI Statements	Unethical Conduct	Integrity	Low	GS 7-15	Baidu	China	China		http://	YES	6/2/2015	BHC Team Lead	Research note in pag				
Laptop Issues	Ring Defect + War	Integrity	Low	GS 7-15	HP	China	US	3/15/2010	ChinaC	YES	3/19/2010	VP Yongli					
Confounding Cancer Drug	Product Safety	Integrity	Low	GS 7-15	Aveo	US	US	5/2/2013	https://	YES	6/6/2013	CEO	Confere CEO fired in 2				
Years of River Pollution	Incident / Pollution	Integrity	High	GS 7-15	Harbin Phar	China	China		http://	YES	6/13/2013	Group Head, Envi	TV, letter				
The EXPLETIVE Customer	Unethical Conduct	Integrity	Low	GS 7-15	Comcast	US	US	1/17/2015	http://	YES	1/29/2015	Spokesperson	Phone				
Storm Disruptions	Service Defect	Integrity	Low	GS 7-15	Northeast T	US	US	Oct-11	http://	YES	11/9/2011	CEO	Press Release				
Slave Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Aetna	US	US	1800s	http://	YES	3/9/2000	Spokesperson Laberge					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES	2/25/2009	VP Jianmin					
Counterfeit Insurance	Unethical Conduct	Integrity	Low	GS 7-15	Ctrip.com	China	China	2008	ChinaC	YES							



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
92	Privacy dispute	Data Privacy	Integrity	Low	S&P China	Tencent Hol	China	China	2010 (CMIIT de	http://	YES	11/22/2010	Unknow	Unknow	Webst		
93	Message censorship	Data Privacy	Integrity	Low	S&P China	Tencent Hol	China	China	1/10/2013	http://	YES	1/11/2013	Unknow	Unknow	Writer		
94	Alleged Tiananmen comm	mmunity Sensitiv	Integrity	High	S&P China	Alibaba Gro	China	China	7/13/2013	http://	NO						
95	Competitor trash talk	mmunity Sensitiv	Integrity	Low	S&P China	Alibaba Gro	China	China	2014 (book in	http://	YES	1/8/2015	Executiv	Male	Person		
96	Text spam loopholes	Data Privacy	Integrity	Low	S&P China	China Mobil	China	China	2008	http://	YES	3/15/2008	Xu Ming, Market		CCTV TV		
97	Alleged money laundering	mmunity Sensitiv	Integrity	Low	S&P China	China Const	China	China	7/22/2015	http://	NO						
98	Alleged money laundering	mmunity Sensitiv	Integrity	Low	S&P China	Industrial anal (Spai	China	China	2/17/2016	http://	NO						
99	Unauthorized download	mmunity Sensitiv	Integrity	Low	S&P China	Baidu Inc AC	China	China	3/15/2011	http://	YES	3/26/2011					
100	Google Books Project	mmunity Sensitiv	Integrity	Low	linked	Google	China	US	2009	http://	YES	1/10/2010	Unknown		Writter		
101	Sexy HK Pics	mmunity Sensitiv	Integrity	Low	S&P China	Baidu Inc AC	China	China	2/18/2009	http://	NO						
102	Role in fraudulent IPO	mmunity Sensitiv	Integrity	Low	S&P China	Ping An Insu	China	China		http://	YES	5/10/2013			Webst		
103	Bohai Oil Spill	mmunity Sensitiv	Integrity	Low	S&P China	CNOOC Ltd	China	China	6/4/2011	http://	YES	7/10/2011	Unknown		Press ci		
104	Defective Gas	mmunity Sensitiv	Integrity	Low	S&P China	China Petroleum an	China	China		http://	YES	4/27/2010	Tian Zho	Male	Press C		
105	Songhua River spill	mmunity Sensitiv	Integrity	Low	S&P China	China Petro	China	China		http://	YES	11/23/2005	Zeng Yukang, Director of				
106	Sexed-Up Nurses Day	mmunity Sensitiv	Integrity	Low	S&P China	JD.com	China	China	5/12/2015	http://	YES	5/12/2015			Weibo		
107	Vulgar content	mmunity Sensitiv	Integrity	Low	S&P China	Netease	China	China	1/5/2009	https://	YES	1/7/2009			Webst		
108	Vulgar content	mmunity Sensitiv	Integrity	Low	linked	Sina Corp	China	China	1/5/2009	https://	YES	1/7/2009			Webst		
109	Vulgar content	mmunity Sensitiv	Integrity	Low	S&P China	Baidu Inc AC	China	China	1/5/2009	https://	YES	1/7/2009			Webst		
110	Tibetan monastery kill	mmunity Sensitiv	Integrity	Low	S&P China	Netease	China	China		https://	YES	12/19/2014			Webst		
111	Jilin City Chemical Spill	mmunity Sensitiv	Integrity	Low	S&P China	PetroChina	China	China	11/13/2005	http://	YES	11/24/2005					
112	Lanzhou Chemical Leak	mmunity Sensitiv	Integrity	Low	S&P China	PetroChina	China	China	8/4/2014	http://	NO				Just sai		
113	Fake Ticket strandings	mmunity Sensitiv	Integrity	Low	S&P China	Ctrip.com Ir	China	China	1/9/2016	https://	YES	1/12/2016	Chen Caiyin, Public Relat				
114	Service outage	mmunity Sensitiv	Integrity	Low	S&P China	Ctrip.com Ir	China	China	5/28/2015	https://	YES	5/29/2015					
115	Husband-to-wife deposit	mmunity Sensitiv	Integrity	Low	S&P China	China Mercl	China	China	3/3/2013	http://	NO						
116	Excess CEO compensatio	mmunity Sensitiv	Integrity	Low	DOW 30	3M	US	US	3/7/2011	http://	NO						
117	Stock option practices	mmunity Sensitiv	Integrity	Low	DOW 30	Apple Comp	US	US		https://	YES	10/4/2006	Steve Jo	male	Special		
118	MobileMe transition	mmunity Sensitiv	Integrity	Low	DOW 30	Apple Comp	US	US		Wikiped	YES	7/16/2008	MobileMe	na	Email to		
119	Dreamliner problems	mmunity Sensitiv	Integrity	Low	DOW 30	Boeing	pan/Wo	US	Jan-13	http://	YES	2/28/2013	Raymon	male	Press ci		
120	Competitor doc purloini	mmunity Sensitiv	Integrity	Low	DOW 30	Boeing	US	US		http://	YES	7/24/2003	Phil Con	male	Writter		
121	Refinery fire	mmunity Sensitiv	Integrity	Low	DOW 30	Chevron	US	US	8/6/2012	http://	YES	8/6/2012	General	Unknow	Commu		
122	Bad gas in Houston	mmunity Sensitiv	Integrity	Low	DOW 30	Chevron	US	US	7/2/2014	http://	YES	7/10/2014	Unknow	Unknow	Unknow		
123	Disappointing earnings	mmunity Sensitiv	Integrity	Low	DOW 30	Cisco	US	US		http://	YES	4/4/2011	John Chi	male	Email to		
124	linksys issues	mmunity Sensitiv	Integrity	Low	DOW 30	Cisco	US	US	6/27/2011	http://	YES	6/29/2011	Brett Wi	male	Blog po		
125	Series of product recalls	mmunity Sensitiv	Integrity	Low	linked	Johnson & J	US	US		http://	YES	8/27/2010	Bill Welk	male	Press Ir		
126	Pahrump gaming show	mmunity Sensitiv	Integrity	Low	DOW 30	Disney	US	US	6/8/2016	http://	YES	6/9/2016					
127	Marvel teabag comment	mmunity Sensitiv	Integrity	Low	DOW 30	Disney	US	US		https://	YES	2/10/2010	Joe Que	male	Intervi		
128	Homeless hotel cancella	mmunity Sensitiv	Integrity	Low	DOW 30	Dupont	US	US	12/25/2015	http://	YES	1/8/2015	Lisa Bolt	female	Statem		
129	Valdez oil spill	mmunity Sensitiv	Integrity	Low	DOW 30	Exxon Mobil	US	US	3/24/1989	http://	YES	4/3/1989	LG Rawl	male	Newsp		
130	Arkansas oil leak	mmunity Sensitiv	Integrity	Low	DOW 30	Exxon Mobil	US	US	3/29/2013	http://	YES	3/30/2013	Mark Wi	male	Comm		
131	GE Appliances plant fire	mmunity Sensitiv	Integrity	Low	DOW 30	General Ele	US	US	4/3/2013	http://	YES	4/6/2013	Unknow	Unknow	GE Appl		
132	Great recession mistake	mmunity Sensitiv	Integrity	Low	DOW 30	Goldman Sa	US	US		http://	YES	11/17/2009	Lloyd Bli	male	Corpori		
133	Response to neg. OpEd	mmunity Sensitiv	Integrity	Low	DOW 30	Goldman Sa	US	US	3/14/2012	http://	YES	3/14/2012	Lloyd Bli	male	Employ		
134	Compensation uproar	mmunity Sensitiv	Integrity	Low	DOW 30	Home Depo	US	US		http://	YES	5/24/2007	Frank Bl	male	2006 Ar		
135	Racist Tweets	mmunity Sensitiv	Integrity	Low	DOW 30	Home Depo	US	US	11/7/2013	http://	YES	11/7/2013	Stephen	male	Statem		
136	Sexist hair ad	mmunity Sensitiv	Integrity	Low	DOW 30	IBM	US	US	12/6/2015	http://	YES	12/7/2015					
137	Secret anti-gay policy	mmunity Sensitiv	Integrity	Low	DOW 30	IBM	US	US	12/6/2015	http://	NO						
138	Secret anti-gay policy	mmunity Sensitiv	Integrity	Low	DOW 30	IBM	US	US	12/6/2015	http://	NO						

[Data](#)
[HRR](#)
[Profitability](#)
[Good v. Bad](#)
[Quotes](#)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
138	GamerGate	mmunity Sensitiv	Integrity	Low	DOW 30	Intel	US	US		http://	YES	10/3/2014	Namele	na			Webst
139	Racist advert	mmunity Sensitiv	Integrity	Low	DOW 30	Intel	US	US	Jun-07	https://	YES	7/31/2007	Nancy B	female			Webst
140	Tampon Restoration	mmunity Sensitiv	Integrity	Low	DOW 30	Johnson & J	US	US	2009	http://	YES	12/5/2011	Namele	na			Online
141	Slaves as collateral	mmunity Sensitiv	Integrity	High	DOW 30	JP Morgan C	US	US		http://	YES	1/27/2005	William	male			Webst
142	Trading mistakes	mmunity Sensitiv	Integrity	Low	DOW 30	JP Morgan C	US	US		http://	YES	4/8/2015	James D	male			Shareh
143	Beef flavored fries	mmunity Sensitiv	Integrity	Low	DOW 30	McDonalds	US	US	5/1/2001	http://	YES	5/24/2001	Namele	na			US web
144	Air in Cheese Sticks	mmunity Sensitiv	Integrity	Low	DOW 30	McDonalds	US	US	1/9/2016	https://	YES	1/28/2016	Lsa McC	female			Email ec
145	Vioxx	mmunity Sensitiv	Integrity	High	DOW 30	Merck	US	US		http://	NO						Big laws
146	Semi-naked dancers	mmunity Sensitiv	Integrity	Low	DOW 30	Microsoft	US	US	3/17/2016	http://	YES	3/18/2016	Phil Spe	male			Webst
147	XBOX title confusion	mmunity Sensitiv	Integrity	Low	DOW 30	Microsoft	US	US	7/7/2016	http://	YES	7/9/2016					
148	Sweatshop issues	mmunity Sensitiv	Integrity	Low	DOW 30	Nike	US	US	1991	http://	YES	5/12/1998	Phil Knig	male			Speech
149	Law Enforcement Apprec	mmunity Sensitiv	Integrity	Low	DOW 30	Nike	US	US	5/13/2015	http://	YES	5/15/2015	Unknown				
150	Illegal drug marketing	mmunity Sensitiv	Integrity	High	DOW 30	Pfizer	US	US		https://	NO						
151	Pet food contaminations	mmunity Sensitiv	Integrity	Low	DOW 30	Proctor & G	US	US		http://	NO						P&G's a
152	LTE downtime	mmunity Sensitiv	Integrity	Low	DOW 30	Verizon	US	US		https://	NO						
153	Delayed Droids	mmunity Sensitiv	Integrity	Low	DOW 30	Verizon	US	US		http://	YES	6/30/2010	Namele	na			Custom
154	ISIS Cake	mmunity Sensitiv	Integrity	Low	DOW 30	WalMart	US	US		http://	YES	6/29/2015	John For	male			Press St
155	M State Mixup	mmunity Sensitiv	Integrity	Low	DOW 30	WalMart	US	US	7/13/2015	http://	YES	4/4/2016	Spokesm	male			Email ec
156	"Deaf and Dumb" note	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	American Ai	US	US		http://	YES	3/27/2014	Press st	na			Note: ht
157	iPhone Price Drop	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Apple Comp	US	US	12/5/2007	http://	YES	12/6/2007	Steve Jo	male			
158	Botched update	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Adobe	US	US	10/5/2015	https://	YES	10/9/2015	Tom Hog	male			
159	Grizzly Bear Data Manipu	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Amgen	US	US		http://	YES	9/1/2015	Corresp	Unknow			
160	1984 Remote Deletions	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Amazon	US	US		https://	YES	7/23/2009	Jeff Bezos,	CEO			
161	Tony Hawks 5	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	ATVI	US	US	9/29/2015	http://	YES	10/1/2015	Unknow	na			Press S
162	Offensive Irish Tree Item	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Bed Bath &	US	US	1/22/2014	http://	YES	1/23/2014	Custom	male			
163	Hemophilia forum ban	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	2016	China	China	1/15/2016	http://	YES	1/17/2016	Robin Li	male			Oral sta
164	CEO response re trial car	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Biomarin	US	US		http://	YES	unknown	Debra C	female			Respon
165	Hacked racist TV messag	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Cerner Corp	US	US	8/2/2016	http://	YES	8/3/2016	Unknow	na			Also off
166	Service outage	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Comcast	US	US		http://	YES	2/18/2016	Kevin M	male			
167	Fiction-labeled bibles	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Costco	US	US	11/20/2013	http://	YES	11/20/2013	Unknow	na			Statem
168	Removal of Union billbo	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	CSX	US	US		http://	YES	5/23/2002					
169	fake megalodon document	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Discovery C	US	US		http://	NO						
170	coupon refusal policy	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Dollar Tree	US	US		http://	NO						
171	Simcity disaster	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Electronic A	US	US	3/5/2013	https://	YES	3/8/2013	Lucy Bra	female			website
172	Delivery problems	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Ebay	US	US		http://	YES	na	un	na			Custom
173	Flawed pentium chip	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Intel	US	US		http://	YES	12/21/1994	CEO, Cha	male			Newsp
174	Desktop software issues	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Intuit	US	US		http://	YES	1/22/2015	Sarah G	female			
175	Metallic Mac & Cheese	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Kraft Heinz	US	US		http://	YES	3/15/2015	Joyce H	female			
176	Missing Equipment	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Marriott Int	China	US	3/6/2016	http://	YES	3/7/2016	Marrott	na			
177	Interns "get lit"	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Microsoft	US	US	7/5/2016	http://	YES	7/6/2016					Press ei
178	Discriminatory port call	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Norwegian Unisias/U	US	US		https://	YES	3/11/2014	Unname	na			Press Ri
179	GTX 970 memory issue	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Nvidia	US	US		http://	YES	2/24/2015	Jen-Hsu	male			Webst
180	Killing Xmas	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Paypal	US	US		http://	YES	12/6/2011	Anuj Nay	male			
181	Wrongful DMCA notices	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Qualcomm	US	US		http://	YES	7/5/2014	Unknow	na			
182	Phished Employee W2s	mmunity Sensitiv	Integrity	Low	AQ 100 Sept	Seagate Tec	US	US	3/1/2016	http://	YES	3/6/2016	Eric DeR	male			

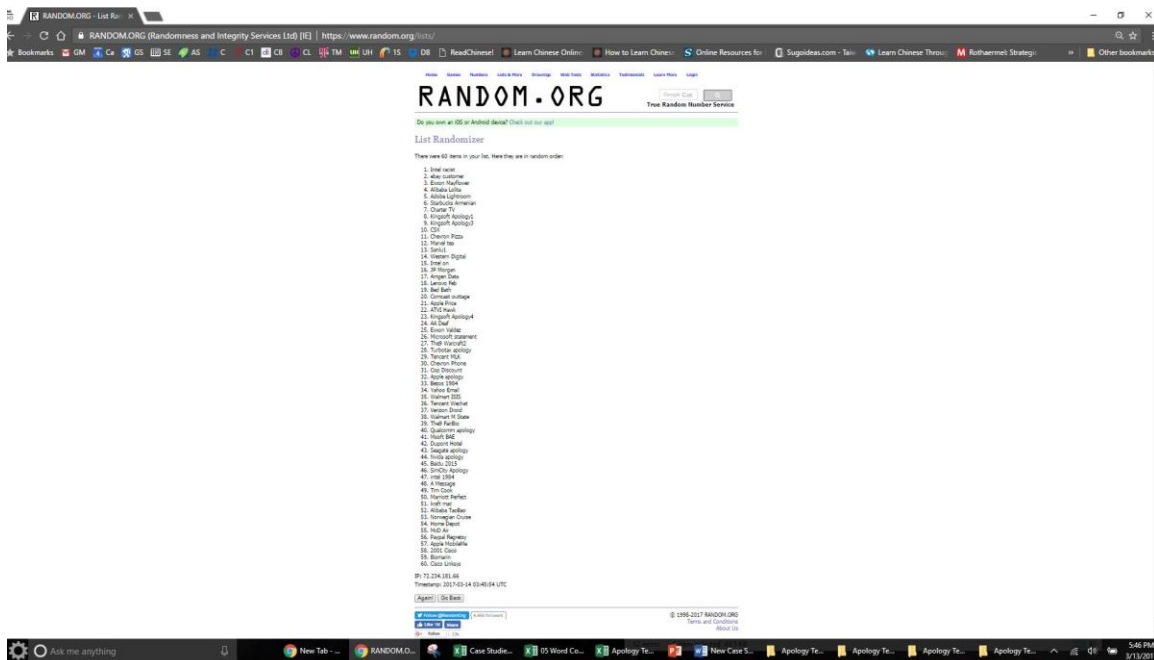
183	Customer spam	Product Defect	Integrity	Low	AQ 100 Sept Symantech	US	US		<a href="http://">http://</a>	YES	2/18/1998	Amy Sav	female	Wired
184	Prescription computer de	Product Defect	Impeten	Low	AQ 100 Sept Walgreens I	US	US	9/22/2015	<a href="http://">http://</a>	YES	9/24/2015	Jim Cohi	male	
185	MyCloud Issues	Product Defect	Impeten	Low	AQ 100 Sept Western Dig	US	US	3/26/2014	<a href="http://">http://</a>	YES	4/6/2016	Jim Mur	male	
186	Heavy fruit slice pricing	fallse pricing	Integrity	Low	AQ 100 Sept Whole Food	US	US		<a href="http://">http://</a>	YES	7/1/2015	John Ma	male	video
187	Email outtage	Product Defect	Impeten	Low	AQ 100 Sept Yahoo	US	US	12/9/2013	<a href="http://">http://</a>	YES	12/11/2013	Jeffrey B	male	Note: I



## APPENDIX C: Variable Definitions

<i>Variable</i>	<i>Definitions</i>
<i>CAR_EVENT</i>	Cumulative abnormal returns over the windows [-1,4] in trading days
<i>TYPE</i>	Equal to 1 if a corporate apology is related to integrity issues; 0 if the apology is associated with competence issues
<i>HQ</i>	Equal to 1 if a corporate headquarter is in the U.S.; 0 otherwise
<i>LOCALE</i>	Equal to 1 if the place where a corporate transgression happens is the U.S.; 0 otherwise
<i>CAR_PRE</i>	Cumulative abnormal returns over the windows [-14,-2] in trading days
<i>SIZE</i>	Firm size, measured by the natural logarithm of total sales in the year prior to the corporate apology
<i>ROA</i>	Return on assets, estimated as the ratio of earnings before interest, tax, depreciation and amortization (EBITDA) to total book value of assets in the year prior to the corporate apology

## APPENDIX D: Random.org



## APPENDIX E: Organizational Apology Coding Spreadsheet

(Note: Not Showing All Columns Due to Limited Space)

<u>Incident</u>	<u>Category</u>	<u>Type</u>	<u>Company</u>	<u>HQ</u>	<u>Event</u>	<u>Date</u>	<u>Issuer</u>	<u>Format</u>	<u>Stance</u>	<u>Words</u>
JX Online	Product Launch	Competence	Kingsoft	China	China	6/16/2003	GM Zhang Zhihong		REACTIVE	434
Warcraft Servers	Product Launch	Competence	The9 Limited	China	China	4/16/2007	WoW Operations Team	Third-Party Website (interview)	REACTIVE	369
Fairy Biography	Product Launch	Competence	The9 Limited	China	China	10/13/2010	Project Team Leader		REACTIVE	1297
IM Dispute	Ethical Breach	Integrity	Tencent	China	China	11/3/2010	Unknown		REACTIVE	63
Blue Screen of Death	Product Defect	Competence	Kingsoft	China	China	6/14/2013	Security Representative Li Tiejun			710
TaoBao MLK Mixup	Community Sensitivity	Integrity	Alibaba	China	China	12/6/2013	Florence Shih, head of International Corporate Affairs	Media Statement	PROACTIV E	27
US Flags on MLK	Community Sensitivity	Integrity	Tencent	China	China	1/19/2015	Unknown	Company MicroBlog	REACTIVE	14
Lolita Advert	Community Sensitivity	Integrity	Alibaba	China	China	5/1/2015	Unknown	Media Statement	PROACTIV E	28
False AI Statements	Unethical Conduct	Integrity	Baidu	China	China	6/2/2015	BHC Team Leader	Research note in paper Letter	REACTIVE	100
Discriminatory Policies	Community Sensitivity	Integrity	Apple Computer	US	China	4/1/2013	Tim Cook, CEO		REACTIVE	812
TurboTax Pricing	Product Pricing	Integrity	Intuit, Inc.	US	US	1/22/2015	GM Sasan Goodarzi	Email Posted on Website	REACTIVE	531
Superfish	Product Defect	Integrity	Lenovo	China	US	2/19/2015	Unnamed	Letter	REACTIVE	345
Valdez Oil Spill	Industrial Accident	Competence	ExxonMobil	US	US	4/3/1989	CEO Lawrence Rawl		REACTIVE	183
Union Billboard	Unethical Conduct	Integrity	CSX	US	US	5/23/2002	Representative Kathy Burns			43
Slavery Policies	Community Sensitivity	Integrity	JP Morgan	US	US	1/27/2005	Unknown		REACTIVE	154
Sprinter Ad	Community Sensitivity	Integrity	Intel	US	US	7/31/2007	VP of Marketing	Nancy Bhagat		113
iPhone Price Drop	Product Pricing	Integrity	Apple Computer	US	US	12/6/2007	Steve Jobs, CEO	Email to Customers	REACTIVE	451
Marvel Tea Party	Community Sensitivity	Integrity	Disney	US	US	2/10/2010	Joe Quesada, Marvel Comics Editor-in-Chief	Interview	REACTIVE	1349
Refinery Fire	Industrial Accident	Competence	Chevron	US	US	8/6/2012	General Information	Hotline		109
Mayflower Accident	Industrial Accident	Competence	ExxonMobil	US	US	3/30/2013	Incident Commander Weesner			396
Offensive Irish Xmas	Community Sensitivity	Integrity	Bed Bath & Beyond	US	US	1/23/2014	Customer Service Manager Raj Chandan	Email	PROACTIV E	59
Pizza as Apology	Industrial Accident	Integrity	Chevron	US	US	2/16/2014	Community Outreach Team		PROACTIV E	157
"Deaf and	Community	Integrity	American	US	US	3/27/2014	Unknown	Press	REACTIVE	57

Dumb" Note	Sensitivity	Competence	Airlines					statement		
Hybrid Product Glitches	Product Defect	Competence	Western Digital	US	US	4/6/2014	President Jim Murphy	Company Blog	REACTIVE	298
GamerGate	Community Sensitivity	Integrity	Intel	US	US	10/3/2014	Unknown	Website Press release	REACTIVE	147
Armenians under Turkish flag in advert poster	Community Sensitivity	Integrity	Starbucks	US	US	2/18/2015	Unnamed	Facebook post	PROACTIVE	73
False Grizzly Data	Ethical Breach	Integrity	Amgen	US	US	9/1/2015	Corresponding Author	Journal Retraction	REACTIVE	101
Tony Hawks 5	Product Defect	Competence	ATVI	US	US	10/1/2015	Unknown	Press Statement	PROACTIVE	79
Lightroom Glitches	Product Launch	Competence	Adobe	US	US	10/9/2015	Tom Hogarty, Director of Product Management for Photography	Company Blog	REACTIVE	420
NE Power Outage	Service Failure	Competence	Comcast	US	US	2/18/2016	Director of PR Boston Area	Marc Goodman		47
BAE Intern	Community Sensitivity	Integrity	Microsoft	US	US	7/6/2016	Unknown	Press statement	PROACTIVE	30
Racist TV Hack	Community Sensitivity	Integrity	Charter Communications\	US	US	8/3/2016	Unknown	Also offered \$50 credit!	PROACTIVE	35
Delivery Stumbles	Product Defect	Competence	Ebay	US	US	NA	Unknown	Email	PROACTIVE	55
WeChat Censorship	Product Defect	Integrity	Tencent	China	US/International	1/10/2013	Unnamed	Press Statement	PROACTIVE	56
										268.88

(+): personal or personally, deep or deeply, sincere, sincerest, or sincerely, profuse or profusely, heartfelt, very

(+) in Chinese: 真诚 (Zhēnchéng, sincere) 由衷 (Yóuzhōng, heartfelt)

(-): but, still, if, although (among <http://web.clark.edu/martpe/signal%20words.htm> as change-of-direction or conditional signal words)

## APPENDIX F: Apology Texts

### (1) Refinery Fire: Chevron

CHEVRON GENERAL INFORMATION HOTLINE: Hello, this is the Chevron general information hotline for Richmond, California, for Monday, August 6, at 11:30 p.m. We would like to again apologize to the community for the fire and smoke that occurred this evening at our Richmond refinery. The fire began at approximately 6:30 in our number four crude unit. At this time, the fire is fully contained, and the shelter-in-place warning has been lifted by the Contra Costa Health Services Department. We are working closely with local, state and federal government agencies, who are on site to determine the exact cause of the incident and to address any current issues and concerns.

## (2) We Chat Censoring: Tencent

A small number of WeChat international users were not able to send certain messages due to a technical glitch this Thursday. Immediate actions have been taken to rectify it. We apologize for any inconvenience it has caused to our users. We will continue to improve the product features and technological support to provide better user experience.

### (3) Mayflower: ExxonMobil

Dear Resident –

As you are aware, ExxonMobil Pipeline Company is currently responding to a nearby pipeline breach in the Northwood neighborhood off of Starlite Road. We sincerely regret that this incident has occurred and want to apologize again for any disruption and inconvenience that it has caused.

We have been working with local officials and emergency responders to ensure the health and safety of you and your family. Continuous air quality monitoring is being conducted by both the U.S. Environmental Protection Agency and ExxonMobil. Although you may smell an odor, current air quality readings are below levels likely to cause health effects with the exception of the clean-up areas where the emergency responders are directly working.

If you live on North Starlite Road or the northern most two homes on Shade Tree Lane (in the immediate area of the release), you will remain evacuated until deemed safe by state and local officials. If you need to briefly enter your home at any point, please contact 501-470-1000 and the local police who are securing the area will safely escort you. If you are a neighbor who has chosen to self-evacuate, you are free to return to your home at any point in which you feel safe to do so.

If you live in any area other than North Starlite Road or the northern most two homes on Shade Tree Lane, state officials have confirmed air quality levels to be safe. However, on-going air monitoring will continue throughout the local community and you will be immediately notified if levels change.

Below is a list of important phone numbers for you to use at any point if you have questions or concerns:

ExxonMobil: 1-800-876-9291

Poison Control Center: 1-800-222-1222

Mayflower Police Department: 501-470-1000

The pipeline is no longer leaking and no oil has reached either the cove or Lake Conway. You will continue to see an increase in truck traffic, clean-up crews, boats, lights and equipment as we work 24 hours a day to restore your community as quickly and safely as possible. We will remain in your community until the job is done.

We will continue to keep you posted on our clean up and response efforts and again apologize for the disruption in your community.

Sincerely,

Mark Weesner

ExxonMobil Pipeline Company

Incident Commander

For Immediate Release:The

March 30, 2013

Mayflower Incident Unified Command Joint Information Center

CONTACT: 703-846-4467



#### **(4) TaoBao MLK: Alibaba**

We deeply regret the cultural insensitivity and sincerely apologize to anyone who was offended; we have taken swift action to remove this advertisement immediately from all websites.

### **(5) Irish Xmas: Bed, Bath & Beyond**

Be assured that Bed Bath & Beyond meant no disrespect to your organization, nor to others of Irish heritage, and we apologize. We have instructed our stores to remove from sale those items identified by you. We have taken the additional step of asking our buyers to be vigilant with subsequent orders to avoid this issue in the future.

(6) Pizza Apology: Chevron

Chevron Community Outreach Center

Phone: 877-847-8408

February 16, 2014

Dear Neighbor,

We are sorry to have missed you. We wanted to provide you with a status update on the February 11 incident that occurred on Chevron Appalachia's Lancoe 7 H well pads in Dunkard Township and see if you had any questions or concerns that we could address.

Chevron recognizes the effect this has had on the community. We value being a responsible member of this community and will continue to strive to achieve incident-free operations. We are committed to taking action to safeguard our neighbors, our employees, our contractors and the environment.

If you have any concerns, please call our toll-free community line at 1-877-847-8408.

Thank you,

Chevron Community Outreach Team

397118 Gift Certificate

To the Amount of Special Combo Only, \$ One Large Pizza One 2-Ltr Drink

For Resident Redeemable at Bobtown Pizza, 724-839-7021 Expires May 1, 2014

From Chevron Appalachia Community Outreach Suzie H\*\*t

(7) Armenians/Flag: Starbucks

Thank you to all who raised this concern to us today. Serving as a place for the community to connect is core to our business and we strive to be locally relevant in all of our stores. We missed the mark here and we apologize for upsetting our customers and the community. We have removed this art in our Mulholland & Calabasas store in Woodland Hills and are working to make this right.

(8) Lolita Advert: Alibaba

We apologize to anyone offended by this ad. Alibaba is committed to providing equal opportunity and fair treatment to all employees on the basis of merit, without discrimination.

**(9) Tony Hawk 5: ATVI**

*We are aware of the issues that players have experienced following the launch of Tony Hawk's Pro Skater 5 and are working with the developer to address these so that we can continue to improve the gameplay experience for all of the Tony Hawk fans who have known and loved this franchise for more than 16 years.*

## (10) Delivery Stumbles: Ebay

Thank you for letting us know about the issue with your recent eBay purchase. We contacted the seller on your behalf and are pleased to learn that you were able to work it out. Still, we apologize for the inconvenience and would like to give you a coupon for \$5 off your next eBay purchase.

**(11) NE Power Outage: Comcast**

Some of our New England area customers experience service interruptions. Our teams worked as quickly as possible to restore services, but we know we let our customers down by not providing the reliability we promise and they have every right to expect, and we're sorry for that.



**(12) BAE Intern: Microsoft**

The email was poorly worded and not in keeping with our values as a company. We are looking into how this occurred and will take appropriate steps to address it.

**(13) Racist TV Hack: Charter**

We are aware that an abhorrent message briefly appeared on some set top boxes. We apologize profusely to any of our customers who were subjected to it, and we are working to understand the cause.

#### (14) Valdez Oil Spill: ExxonMobil

##### Open Letter to the Public

On March 24, in the early morning hours, a disastrous accident happened in the waters of Prince Williams Sound. By now you all know that our tanker, the Exxon *Valdez*, hit a submerged reef and lost 140,000 barrels of oil into waters of the sound.

We believe that Exxon has moved swiftly and competently to minimize the effect this oil will have on the environment, fish and other wildlife. Further, I hope you know that we have already committed several hundred people to work on the clean up. We will also meet our obligations to all those who have suffered damage from the spill.

Finally, and more importantly, I want to tell you how sorry I am that this accident took place.

We at Exxon are especially sympathetic to the residents of Valdez and the people of the state of Alaska. We cannot, of course, undo what has been done. But I can assure you that since March 14<sup>th</sup>, the accident has been receiving our full attention and will continue to do so.

Chairman and CEO Lawrence Rawl

**(15) Union Billboard: CSX**

We clearly made a mistake.

That action was not cleared through the appropriate internal CSX channels.

We don't agree with the content of the billboard, but as a matter of policy

we respect the rights of others to have differing views on issues.

## (16) JX Online: Kingsoft

Attached to the closed beta to all players apologize

All concerned about Jinshan company, concerned about the "Journey to the Internet" friends, first of all I represent all Jinshan people to express your most sincere thanks, Jinshan after 15 years of ups and downs, it is because of your attention and support, Continue to come today, in order to persevere in the development of more products, without your support, it is unthinkable.

I am due to "swordsman love online version of" closed beta extension, may be caused by the psychological harm to express my heartfelt apology. I am deeply aware of the expectations of this product and enthusiasm, I and you, like, and very much hope that it was born soon,

dedicated to everyone a Chinese people their own martial arts; but from my own wishes, and All Jinshan people's wishes, are reluctant to a not yet mature, imperfect semi-finished products to everyone, this is not Jinshan people's style.

The real reason for the extension is that I and all the developers agree that it is not a really mature market-oriented product, Jinshan's most important quality testing department does not agree to make it rush; this is a very painful Of the decision, because both from the material, or spiritual, and even credibility, will have a huge damage to us, it may be for all concerned about the "JX Love Network" friends bring damage. But please believe us, our inner hope is consistent with everyone, is to do the best game of the Chinese people, so that all the Chinese people are proud of the game! This goal is so difficult, we also bear a huge pressure, Xishan home for 8 years and did not make money, but we still insist, still believe that one day we will go to the peak of the world game.

In addition, I sincerely hope that we can understand all of our developers and marketers work, they work 18 hours a day, or even 20 hours, their expectations and everyone is exactly the same; Xishan home is a strong team, and they together I am deeply proud of the work. Undeniably, we also encounter a lot of difficulties, our technology started late, lack of experience, also took a lot of detours, this time, we most want is to get everyone more encouragement, more applause, more support look.

Give us some more time, give us more opportunities, a few days or ten days later, I believe there will be a new "Swordsman Love online version" and we met!

Once again deeply thank you!

Jinshan Digital Entertainment Division

Zhang zhihong

## (17) Slavery Policies: JP Morgan Chase

Recently, JP Morgan Chase completed extensive research examining our company's history for any links to slavery to meet a commitment to the city of Chicago.

We are reporting that this research found that, between 1831 and 1865, two of our predecessor banks -- Citizens Bank and Canal Bank in Louisiana -- accepted approximately 13,000 enslaved individuals as collateral on loans and took ownership of approximately 1,250 of them when the plantation owners defaulted on the loans.

We all know slavery existed in our country, but it is quite different to see how our history and the institution of slavery were intertwined. Slavery was tragically ingrained in American society, but that is no excuse.

We apologize to the American public, and particularly to African-Americans, for the role that Citizens Bank and Canal Bank played during that period. Although we cannot change the past, we are committed to learning from and emerging stronger because of it.

## (18) Warcraft Servers: The9 Limited

Ninth city to "World of Warcraft" seven area players book

Dear broad players:

For the recent problems with the instability of the Seventh Region server, we have attached great importance to the immediate collection of relevant information and active communication with Blizzard Entertainment, which is responsible for server maintenance and management.

Blizzard Entertainment said, very understanding of the vast number of Chinese players and confusion. Blizzard Entertainment has been making every effort to optimize the server to ensure that non-natural dropped, stuck, back and other events no longer occur. At the same time, taking into account the urgent needs of the majority of Chinese players and calls, we and Blizzard commit together, as soon as possible to increase the server, improve the system carrying capacity, and try to avoid the peak hours of the server maintenance. If the server maintenance may affect the normal game, we will as much as possible prior notice.

On some of the players on the game points in the event of instability in the server may be wrong when the suspects, we remind the majority of players rest assured that our billing system is developed by the Blizzard technical staff, in strict accordance with the Blizzard system set deduction point. Also draw the player through the following ways to protect their rights:

- 1, do not in the game just unnatural dropped or the game is in progress for the number of inquiries;

- 2, if you have questions, please call or contact the ninth city customer service center 24 hours a day service hotline 021-51189999, or by e-mail gm@wowchina.com request deduction point review (please be sure to express the query period).



At the same time, in order to ensure that players can better access to a comprehensive and comprehensive services, the majority of players in the user information to fill in the real information, as soon as possible through the identity authentication, maintenance of the player's own rights.

We guarantee and will strive in the event of a future failure, with the majority of players to better communication, in order to safeguard the interests of the majority of players.

World of Warcraft official website: [www.wowchina.com](http://www.wowchina.com)

Ninth City World of Warcraft operations team

April 16, 2007

## (19) Sprinter Advert: Intel

### Sprinter Ad

By Nancy Bhagat on July 31, 2007

Intel's intent of our ad titled "Multiply Computing Performance and Maximize the Power of Your Employees" was to convey the performance capabilities of our processors through the visual metaphor of a sprinter. We have used the visual of sprinters in the past successfully.

Unfortunately, our execution did not deliver our intended message and in fact proved to be insensitive and insulting. Upon recognizing this, we attempted to pull the ad from all publications but, unfortunately, we failed on one last media placement.

We are sorry and are working hard to make sure this doesn't happen again.

Nancy Bhagat

Vice President, Director of Integrated Marketing

## (20) iPhone Price Drop: Apple

To all iPhone customers :

I have received hundreds of emails from iPhone customers who are upset about Apple dropping the price of iPhone by \$200 two months after it went on sale. After reading every one of these emails, I have some observations and conclusions.

First, I am sure that we are making the correct decision to lower the price of the 8GB iPhone from \$599 to \$399, and that now is the right time to do it. iPhone is a breakthrough product, and we have the chance to 'go for it' this holiday season. iPhone is so far ahead of the competition, and now it will be affordable by even more customers. It benefits both Apple and every iPhone user to get as many new customers as possible in the iPhone 'tent'. We strongly believe the \$399 price will help us do just that this holiday season.

Second, being in technology for 30+ years I can attest to the fact that the technology road is bumpy. There is always change and improvement, and there is always someone who bought a product before a particular cutoff date and misses the new price or the new operating system or the new whatever. This is life in the technology lane. If you always wait for the next price cut or to buy the new improved model, you'll never buy any technology product because there is always something better and less expensive on the horizon. The good news is that if you buy products from companies that support them well, like Apple tries to do, you will receive years of useful and satisfying service from them even as newer models are introduced.

Third, even though we are making the right decision to lower the price of iPhone, and even though the technology road is bumpy, we need to do a better job taking care of our early iPhone customers as we aggressively go after new ones with a lower price. Our early customers trusted us, and we must live up to that trust with our actions in moments like these.

Therefore, we have decided to offer every iPhone customer who purchased an iPhone from either Apple or AT&T, and who is not receiving a rebate or any other consideration, a \$100 store credit towards the purchase of any product at an Apple Retail Store or the Apple Online Store. Details are still being worked out and will be posted on Apple's website next week. Stay tuned.

We want to do the right thing for our valued iPhone customers. We apologize for disappointing some of you, and we are doing our best to live up to your high expectations of Apple.

Steve Jobs

Apple CEO

(21) Marvel Tea Party: The Disney Company

**Kiel Phegley:** Well, you've bounced back just in time to get your first piece of weird, newsy controversy of the year – someone who's taken political issue with a scene in "Captain America" #602. Before getting into specifics, what do you think about what was actually on these pages that's got some in the Tea Party movement riled up?

**Joe Quesada:** Well, the honest truth is that I can absolutely see how some people are upset about this, and I'll explain exactly what happened. But there's also a portion of this story that is being blown out of proportion and taken out of context. Do you really want to hear the whole story? Oh, who am I kidding, of course you do. If anything, this will give you insight into what the insane world of publishing 80 comics a month is like.

**Kiel Phegley:** Well, before getting into the details, let me ask this, when the idea came up to include a group that looked like a Tea Party demonstration in the pages of Captain America #602, was there any hesitation on Marvel or Ed Brubaker's part to do this? In interviews, Ed has noted that he's shied away from labeling things with direct political names like Republicans and Democrats in "Captain America." What sort of discussions were there about this inclusion?

**Joe Quesada:** Hold on. Before digging into this, you're starting from a false premise. There was zero discussion to include a group that looked like a Tea Party demonstration. Ed simply wrote in an anti-tax protest into his story to show one of the moods that currently exists in America. There was no thought that it represented a particular group. And yes, what Ed said is absolutely true, he does shy away from labeling things and did exactly that in this instance. In Ed's story, there was no connection to the Tea Party movement, that's a screw up that happened after the fact and exactly what some people are getting upset about.

Kiel Phegley: In [this editorial by Warner Todd Houston on PubliusForum.com](#) he says, "Isn't it wonderful that a decades old American comic book hero is now being used to turn readers against our very political system, being used to slander folks that are standing up for real American principles in real life — and one called 'Captain America' at that?" He goes on to say later, "So, there you have it, America. Tea Party protesters just 'hate the government,' they are racists, they are all white folks, they are angry, and they associate with secretive white supremacist groups that want to overthrow the U.S. government." How do you respond to comments like that? Do you think he's taking his interpretation a bit too far? Are there some legit criticisms in there?

**Joe Quesada:** There is one legit criticism in there, and a lot of not so valid stuff, but let's dive into this. By the way, for those that haven't read "Captain America" #602, here's your spoiler warning: read no further lest you want to know what's going on.

In the story, our new Captain America — who is Steve Rogers' old sidekick Bucky Barnes — and Sam Wilson the Falcon — another ex-sidekick of Steve Rogers — are in search of an armored super-militia group called the Watchdogs who attacked a sheriff and his squad and have set up roots in the hills outside of Boise, Idaho where they are building a weapon and planning an act of terrorism against the people in that town. Keep in mind that the Watchdogs have been villains in the Marvel Universe since 1987. Bucky and Sam hatch a plan to infiltrate this group and defeat it from within so they travel to Idaho. The idea behind this was to expose them both — in particular Sam (who has been portrayed most often as a leftist leaning character) — to other parts of America. While in Idaho in search of the Watchdogs, they come upon an anti-tax, anti-big government rally, which is something that Sam, in particular, hasn't been personally exposed to, and it hits him the wrong way. Here, at this moment in the story, Sam is the fish out of water. This, however, is where Mr.

Houston misreads what's happening in the story. He assumes that the people protesting in the streets are the Watchdogs, when in fact they are not, so this is an element that is taken out of context. These protestors as written by Ed are no different than protesting crowds he wrote into issues of "Cap" last year. Only those protestors were angry about oil prices skyrocketing and the housing market problems. So in short, the Watchdogs, and the protestors aren't connected, they just happen to be in the same story.

Where Mr. Houston is correct is in our accidentally identifying in one of the held up signs, the group as being a part of the Tea Party instead of a generic protest group. That's something that we need to apologize for and own up to, because it's just one of those stupid mistakes that happened through a series of stupid incidents.

The book was getting ready to go to the printer, it was on fire already from a deadline standpoint, but the editor on the book noticed that there was a small art correct that needed to get done. On the first page featuring the protestors, the artist on the book drew slogans into the protest signs to give them a sense of reality and to set up the scene. On the following page featuring the protestors again, there were signs, but nothing written in them. From a continuity standpoint, this omission stood out like a sore thumb, but was easily fixable. So, just before the book went to the printer, the editor asked the letterer on the book to just fudge in some quick signs. The letterer in his rush to get the book out of the door but wanting to keep the signs believable, looked on the net and started pulling slogans from actual signs. That's when he came upon this one.



*Photo by David Weigel at The Washington Independent*

And used it in the scene and off it went to the printer. Unfortunately, to make the deadline, the work wasn't double-checked thoroughly, and it was printed as is, which is where we as an editorial group screwed up. We spoke to the letterer, and he was mortified at his mistake and was truly sorry as he had no political agenda. He was just trying to do his job, but ultimately the onus falls on me as E-i-C. All that said, we caught the mistake two weeks ago, after it was printed and removed the sign from the art files so that it no longer appears in future reprints of the title or collections. So, while the crowd protesting has nothing to do with the villains in the story, we in no way meant to say they were associated with the Tea Party movement, it was a simple perfect storm of screw-ups. It happens, we're human. However, where I do take exception with Mr. Houston's article is when he states that we are calling the Tea Party racist...wait I'm sorry, that we're saying that every white person is a racist along with several other horrible and inflammatory accusations. Nothing can be further from the truth, accidental placement of a Tea Party sign or not, those sentiments are not in the pages of our comics and are a complete and irresponsible misrepresentation. And as for his criticism of the remarks made by the character of Sam Wilson, this is a four-issue series. So to really get a full picture of why he feels the way he does and what conclusions he comes to at the end of the story, you really need to read the whole thing and not just



judge a story and its intent on the first issue. What we do at Marvel is provide our readers with the unexpected and many times what is on the surface is not what is really going on.

## (22) Fairy Biography

"Fairy Biography" project leader a letter of apology to all Fairy Biography players

Published: 2010-10-13

Dear friends

Please allow me to call you as "fairy friend" - in the "fairy" in the friends.

Friends of the exchange between the very frank, this is no exception.

After several months of preparation, "Shenxian Biography" first technical test was officially opened at 16:00 on October 12, I would like to represent all the "fairy" operators, to participate in all the test of the fairy friends, Whether you have signed the "fairy biography"; whether it has decided to leave the "fairy biography"; whether or not to register the gods of all cents friends, that our most simple thanks: "Thank you!"

From the beginning of September, our entire project team has been preparing for this test. All the colleagues to give up, including the Mid-Autumn Festival and the National Day, including all leave, has been working for this test. Starting from yesterday's test, we are 24 hours shift work to deal with the problem. This is what we should do, and we will always do it.

Yesterday's tests have been a lot of problems, even if there are all kinds of reasons, but also we should bear the responsibility. Here I do not want to shirk, but want to really the situation and the progress of the solution and share.

As the "gods" project leader, but also as one of the eight official big brothers, I think, "fairy biography" is not a person or a whole of our project team, but all love "fairy" game cents Friends of the. Therefore, the public fairy friends have the right to know what happened yesterday, the reasons for the test and the solution. Of course, as an operating team, we must also fulfill this responsibility.

Question 1: the game can not login, has been displayed "landing" or progress bar stuck

The problem is due to 16:00 open service, a large number of Xianyou at the same time into the novice map, and our novice map in order to ensure smooth game and server stability set a certain number of people, and a large number of immortal influx , Many immortal friends, did not leave the novice map in a timely manner, but has been on the map to stay, so the player has not been logged outside the entry can not enter the map, because the number has reached the ceiling.

Solution: In order to ensure that everyone after a few days of testing smoothly, we optimized the map of the server architecture, so that more players can enter, and suggested that the players in the map, as soon as possible to leave the new village to go to other exciting map. At the same time, after this test, we will also adjust the player's login process, as much as possible to alleviate the occurrence of this situation.

Question 2: the game process, often a variety of maps can not be transmitted, the card progress bar

Although the problem is similar to the problem, the root cause of the problem is the "number". As early as the test before opening, we updated a first test description, indicating the purpose of our test, the main test pressure. So we have different pressure standards for different maps based on the number of activation codes issued and the number of players who have entered the game normally. Similar to "Wan Ling City" as the main city, he can withstand the pressure higher than the general map.

But yesterday after opening the service, we plan the situation occurred, that is, the number of players into the game beyond the normal standard. Because the test of the test number of strict control, resulting in almost all the activation code to get the user, 100% are activated and entered

our game, which in the history of online games is extremely rare. Everyone's enthusiasm is far beyond our imagination. So a direct result of the overall pressure on the server full, there is extremely unstable situation.

Solution: We will transfer the latest server equipment as soon as possible, add a test line.

Originally two lines. In this, also suggested that everyone in the game, try the small map in the upper right, small map, select 2 lines, 3 lines for the game.

Question three: some players repeatedly file problems

The technical reasons for the problem are very complex and need not be repeated, but it can be summed up as a problem with the stacking of problem two - "number"

Because the overall number is far more than we pre-conceived, we started the earlier prepared server resources, still can not meet the needs of the influx of the game immortal friends. So there is a game when we have the card, there are still non-stop users into the game, resulting in our database server technology anomalies, so there has been repeated file situation.

Solution: We will also open a line in October 13, and we will continue to optimize the database storage structure, to alleviate the occurrence of this situation. At the same time our technical staff is still 24 hours shift to deal with this problem. The problem of the return will be resolved, but we will have some time. Because the problem is mainly caused by the server, so we have been on the server patch repair and adjustment, so although there is no client update, but we have been working hard. And the process of dealing with this problem, we need the support of the players, because only try again and again in order to finally solve this problem, we need your patience, we need your help. I have no way to guarantee that the problem must be resolved in a few hours, but I can guarantee that we are dealing with this problem every minute.

Question 4: other small problems, installation problems, font problems, picture problems and so on.

The emergence of such problems, there is no more explanation, these relatively more details of the problem, in the process of many friends in the process of gradually found, we have been in the future test, adhering to the discovery of a eradication of a principle, Let our "fairy" world constantly perfect.

Solution: We have in the official website, the official forum opened BUG submitted, the views of the collection of the entrance, we can go to the corresponding local feedback to these situations, our staff will be sorted by item by item.

We will be from today to participate in the test every day to provide more test gifts and compensation, and we also decided to have been activated this test account, will be able to participate in the next test unconditionally. And in the future test will have more game prizes available to you, trouble everyone to tell each other.

Technical test is the most sad of each game for some time, there is always a total problem in the game, but I believe that, along with the "fairy biography" step by step test, guarding her a little bit of growth, looking at their own ideas every day Be realized, will be each of us are hard to forget this life memories.

Finally, as a friend, I would like to invite the public fairy together, continue to participate in our tests, because I believe that in the joint efforts of friends, through our constant encouragement to our, "fairy" in the future will be more Beautiful.

At the same time, as the person in charge of the project, I would like to ask the public together, continue to participate in our test, because only with the help of everyone, we can cross the front of the Hom, not far tomorrow, will have a real We like, "fairy".

### (23) IM Dispute: Tencent

Dear QQ users, this email is to inform you that we've just made a very difficult decision. Until Qihoo 360 removes the tag-on service and malicious slander against QQ software, we have decided to stop running QQ software on computers that have installed the 360 software. We are fully aware of the inconvenience this may cause you, and we sincerely apologize for it.

## (24) Repair Policies: Apple

Dear Chinese consumers:

Over the past two weeks, we have received a lot of feedback about Apple's repair and warranty policy in China. We have made a profound reflection on these opinions, studied China's "Three Guarantees" regulations together with government authorities, examined how we communicate about our repair policy, and checked our management practice for Apple's authorized service providers. We are aware that insufficient communications during this process has led to the perception that Apple is arrogant and disregard, or pays little attention to, consumer feedback.

We express our sincere apologies for any concern or misunderstanding arising therefrom.

In order to further improve our service levels, we are implementing the following four major adjustments:

1. Improve the repair policy for iPhone4 and iPhone4S.
2. Provide a concise and clear repair and warranty policy statement on Apple's official website.
3. Strengthen supervision and training efforts on Apple's authorized service providers.
4. Make sure that consumers can easily contact Apple for feedback on our service and other related issues.

Meanwhile, we also realize that we still have a lot to learn on operating and communicating in China. Here, we assure you, Apple's commitment and enthusiasm for China is not different than any other country. Our ideal is to give the best user experience and customer satisfaction, even

more it is our promise. It has been deeply rooted in Apple's corporate culture. We will make unremitting efforts to achieve this goal.

### **Improvements in Repair Policy of iPhone4 and iPhone4S:**

So far, iPhone and iPhone4S can be repaired in one of the following three ways:

If consumers find problems within 15 days of purchase, we will give a refund or exchange it for an iPhone with a renewed one-year warranty.

If consumers find problems after 15 days of purchase, Apple will replace related components depending on their conditions, such as the camera module or battery.

If the iPhone can't be repaired quickly by replacing the components, Apple will provide the consumer with an iPhone partially reassembled. This iPhone will use new components and only keep the rear cover of the original iPhone.

Nearly 90% customers have expressed their satisfactions to our repair service. Customer satisfaction is the most important gauge by which Apple measures its success.

However, others suggested that partial reassembly is almost the same as complete product replacement. Thus it would be more favorable for consumers if they can be provided with a new iPhone for replacement. Therefore, from April 2013, Apple will upgrade the iPhone 4 and iPhone 4S service pack to complete product replacement with new components and a renewed one-year warranty since replacement day.



If consumers' iPhone4 or iPhone4s has already been repaired by Apple or Apple's authorized service providers using partial reassembly, we'll consider it as having been replaced with a complete product, and provide the consumer with a one-year warranty from the date the iPhone is repaired. Apple's warranty system has been updated with the information. Thus, affected consumers won't have to take extra moves.

Now, **all consumers** can see on our site clear and comprehensive repair and warranty policy.

We are pleased to provide information to consumers who hope to learn more about after-sale service. For example, we've been providing two-year warranty to MacBook Air and other Mac computer motherboard and other major components. Likewise, iPad's main components have two-year warranty, and other components have one-year warranty.

We realize that our website didn't clarify the policy before. We hope the following statement can answer all the questions about the service provided by Apple.

**Apple is making greater efforts to ensure Apple's service providers to follow our policies and endeavor to offer consumers the highest quality service.**

Within one week from March 18, 2013, we handed down new materials to all of Apple's authorized service providers in China, so as to make sure every personnel offering service for Apple's products not only is familiar with our policy, but also have mastery of China's "Three Guarantees" regulations and related policies. Meanwhile, we have taken the initiative through face-to-face meetings and other forms to verify and ensure every Apple's authorized service

provider has established training courses and renewed employee's knowledge about repair and warranty policy.

We will make unremitting efforts and continuous monitoring of Apple's authorized service providers to make sure consumers get the highest quality service.

**Now, it's convenient to give feedback on service-related issues.**

If consumers have questions about the service provided by any Apple Store retail store or Apple's authorized service provider, you are welcomed to visit

<http://www.apple.com.cn/support/service/feedback/> and get in direct touch with us. Our goal is to ensure consumers can enjoy a world-class user experience no matter where they purchase Apple product or receive service.

We give our heartfelt thanks to everyone for valuable feedback. We always bear immense respect for China and the Chinese consumers are always our priority among priorities.

Tim Cook

Apple CEO

## (25) Blue Screen: Kingsoft

Li Tiejun: We antivirus software driver is actually written three years ago, did not move it. Three years ago to write the code and a certain moment today released software updates are compatible with it, from the perspective of the previous general software compatibility is upwardly compatible. For example, I put out a new thing before the old system is on the edge, you can not do a thing old and the emergence of new things while it is difficult to do.

Li Tiejun said that at present Kingsoft has found a blue screen problem, and the first time the situation under control. At present, Kingsoft company by sound economy "world company", to all users apology and promised to give the user encounters a blue screen, the compensation value of 200 yuan per person.

Li Tiejun: We have now decided that the company has experienced in the past few days between the day of the festival because the patch causes system reboot or blue screen, to provide compensation for the value of 200 yuan, to provide membership services, including unlimited number of times within a year of data recovery services, remote computer repair services. For example, the use of any computer user encounters a problem can contact our customer service, customer service to help it to solve all of these services are free of charge.

Li Tiejun also acknowledged that the blue door revealed insufficient preparations Kingsoft, Kingsoft future will join together with other security companies, a lot of communication with Microsoft, to avoid the same mistakes again.

Li Tiejun: This wide range of compatibility issues arise, a great impact on users, so the official patch before publishing, should the user area, such as Chinese user's computer environment more thorough security check compatibility only Compatibility under examination did not do a very good situation, such incidents occur, and compatibility test, but off.

For someone broke the news on the Internet, "Why only apologized to Japanese users, rather than apologize to Chinese users," this topic, Li Tiejun feel a bit helpless. He said Kingsoft in Japan and in China's version is different, fees are different, Jinshan for all users are treated equally.

Li Tiejun: the policy of sentiment to commercial competition, in itself harmful to the community. In normal commercial competition if some of the concepts introduced with ethnic relations, international relations related to social and development. Everyone feels incited national sentiment, this is a very simple and easy to do, if this becomes a routine, our foreign contacts, Chinese companies and foreign companies to cooperate might have problems, we do not treat the difference to users, We offer a version in Japan is completely free version of Kingsoft, in a few years there before. This totally

free version with ads, the user interface on Kingsoft to see ads, versions of which charge users and China are two completely different concepts, are two different business models, so there does not exist Chinese users discriminatory and Japanese users have a problem, we all users are treated equally.

For this Jinshan encounter "blue door", well-known telecommunications expert Cengjianqiu also had some comments. He said that from a technical point of view, "Gold Mountain blue door" just an ordinary system conflicts, users do not use too nervous.

Cengjianqiu: I think it is a normal phenomenon. After all, Microsoft developed their own software company, Kingsoft is Jinshan Development( 15.46 , 0.29 , 1.91% ) of a software. The software development system is independent from the current situation, Microsoft's operating system is basically monopolized the computer system, so in this case occurred some conflict is normal.

However, Cengjianqiu also stressed that the incident also revealed two shortcomings Jinshan: First, technically it should advance with the times; second, in the public relations crisis, Jinshan inadequate.

Cengjianqiu: I think reflect on mainly two aspects, the first aspect, how to find loopholes in the D-BUG BUG and the process, and then play the patch, the equivalent of this process, how do we make our software, software

development Software existence of more scientific, more perfect; a second aspect, Kingsoft development up to now is not easy, but in the quality of service, in response to the crisis may also need to have a lot of companies like Microsoft to learn.

(26) “Deaf & Dumb”: American Airlines

We apologize to Mr. Moehle and Ms. Huckaby. It was clearly a very poor choice of words.

We're confident there was no ill will, but we'll be looking into this further and will be following up with our team members at IAH (*George Bush Intercontinental Airport in Houston*) and the contractor that provides our baggage delivery services.

*(Explanatory comment in italics added by researcher)*

## (27) Hybrid Products: Western Digital

**From:** Western Digital [[Deleted] ]

**Sent:** Sunday, April 06, 2014 4:45 AM

**To:** [Deleted]

**Subject:** Letter From WD President Jim Murphy

[View this message in a browser.](#)

Dear Customer,

At WD, our commitment to you is reliable, secure and easily accessible storage for your most valuable content. This past week you may have experienced a service disruption for our personal cloud products. If you have been directly affected by this, I want to extend my personal, sincerest apology.

We understand how important your content is to you, your business and your family. Our customers are the reason we strive each day to make better products and services that enable you to enjoy this content. Your entire digital life must be safely stored and readily accessible, and is what makes the WD personal cloud, personal. While your data has remained safe and accessible in your home or office, the service disruption may have temporarily prevented some of you from remotely accessing that content. We've dedicated the past week to restoring your remote access as quickly as possible.

Your feedback to us has been invaluable. All of us at WD are committed to minimizing downtime and ensuring the service information we provide is valuable and frequent. We already have implemented important changes to our infrastructure and network capability. While we have validated the vast majority of your remote connections, we continue our focus on providing uninterrupted access from your phone, tablet or computer. Your content deserves nothing less.



We recognize the importance of our role in your digital life and we will continue working relentlessly to deliver the great products and services you have come to expect from WD. For more information about our personal cloud service restoration, I encourage you to visit [wd.com](http://wd.com).

Sincerely,

Jim Murphy

President, WD Subsidiary

## (28) GamerGate: Intel

We take feedback from customers seriously. For the time being, Intel has decided not to continue with our current ad campaign on the gaming site Gamasutra. However, we recognize that our action inadvertently created a perception that we are somehow taking sides in an increasingly bitter debate in the gaming community. That was not our intent, and that is not the case. When it comes to our support of equality and women, we want to be very clear: Intel believes men and women should be treated the same. And, diversity is an integral part of our corporate strategy and vision with commitments to improve the diversity of our workforce. And while we respect the right of individuals to have their personal beliefs and values, Intel does not support any organization or movement that discriminates against women. We apologize and we are deeply sorry if we offended anyone.

(29) US Flags on MLK: Tencent

Please **forgive** **us** for **any misunderstanding caused!** **WeChat's** **road towards**  
**internationalization is not easy!**

(30) TurboTax Pricing: Intuit, Inc.

An Apology to Our TurboTax Desktop Customers

January 22, 2015 / TurboTaxBlogTeam



We messed up. We made a change this year to TurboTax desktop software and we didn't do enough to communicate this change to you as proactively and broadly as we could or should have. I am very sorry for the anger and frustration we may have caused you.

Intuit has a long history of doing right by our customers, and in this instance, we did not live up to the standards of excellence you have come to expect from us. We did not handle this change in a manner that respected our loyal customers and we owe you an explanation of what we are doing to make it right.

The change we made to our desktop products, both the download and CD versions, includes removing Schedules C, D, E and F from TurboTax Deluxe, which some long-time customers had relied on to report business income, investment sales and rental property income. As a result, you may now be required to upgrade the version of TurboTax you use even though your tax situation hasn't changed from last year.

Here's **why we made the change**. Over the years, we have worked hard to make it easy for you to choose the TurboTax product that is right for you and your unique tax situation. We want that choice to be clear and confidence inspiring. However, as new online and mobile technologies emerged, our products, and the tax scope and features they included, **began to differ, leading to customer confusion. These differences also impeded our ability to introduce new innovations across our entire product line.**

So this year, **we made the product experience consistent across all TurboTax offerings. This change enables us to innovate faster and make improvements that benefit all customers at the same time, regardless of whether they use our online or desktop software. You can be sure that we've preserved what's unique to our desktop product: the ability to e-file up to five returns, switch to forms mode and install the software on multiple computers.**

But **good intent must be matched with great execution, and that is where we let you down. We have heard from many of you that you were surprised when you discovered the change. No one likes this kind of a surprise, so we are taking immediate action to make things right and help you through this transition year.**

**We are giving \$25 back if you purchased TurboTax Deluxe desktop software (CD or download) and filed your 2013 tax return and have to upgrade to TurboTax Premier or Home & Business to file your 2014 return. This will help you move to the right desktop product, while reducing the immediate and unexpected financial impact.**

After completing and filing your return this year, please visit

**<https://turbotax.intuit.com/25back> to request your \$25.**

I deeply regret the anger and distress we have caused those of you affected by this change. Our customers are the heartbeat of every TurboTax employee. Our hope is that we can regain your trust and demonstrate that our commitment to you has never been stronger.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Sasan', written over a light blue horizontal line.

Sasan Goodarzi and the TurboTax Team

General Manager, Intuit TurboTax

### (31) Superfish: Lenovo

#### LENOVO STATEMENT ON SUPERFISH

##### Share

**RESEARCH TRIANGLE PARK, NC – February 19, 2015:** At Lenovo, we make every effort to provide a great user experience for our customers. We know that millions of people rely on our devices every day, and it is our responsibility to deliver quality, reliability, innovation and security to each and every customer. In our effort to enhance our user experience, we pre-installed a piece of third-party software, Superfish (based in Palo Alto, CA), on some of our consumer notebooks. The goal was to improve the shopping experience using their visual discovery techniques.

In reality, we had customer complaints about the software. We acted swiftly and decisively once these concerns began to be raised. We apologize for causing any concern to any users for any reason – and we are always trying to learn from experience and improve what we do and how we do it.

We stopped the preloads beginning in January. We shut down the server connections that enable the software (also in January), and we are providing online resources to help users remove this software. Finally, we are working directly with Superfish and with other industry partners to ensure we address any possible security issues now and in the future. Detailed information on these activities and tools for software removal are available here:

[http://support.lenovo.com/us/en/product\\_security/superfish](http://support.lenovo.com/us/en/product_security/superfish)

[http://support.lenovo.com/us/en/product\\_security/superfish\\_uninstall](http://support.lenovo.com/us/en/product_security/superfish_uninstall)

To be clear: Lenovo never installed this software on any ThinkPad notebooks, nor any desktops, tablets, smartphones or servers; and it is no longer being installed on any Lenovo device. In

addition, we are going to spend the next few weeks digging in on this issue, learning what we can do better. We will talk with partners, industry experts and our users. We will get their feedback. By the end of this month, we will announce a plan to help lead Lenovo and our industry forward with deeper knowledge, more understanding and even greater focus on issues surrounding adware, pre-installs and security. We are confident in our products, committed to this effort and determined to keep improving the experience for our users around the world.



(32) AI Statements: Baidu

Recently the ILSVRC organizers contacted the **Heterogeneous Computing team** to inform **us** that **we exceeded the allowable number of weekly submissions to the ImageNet servers (over 200 submissions during the lifespan of our project).** **We apologize** for this **mistake**, and **have put processes into place to ensure it doesn't happen again.** **We** are working with the ILSVRC organizers to **review the results and will continue to provide updates** to this paper as our understanding of the results improves. **We** are **staunch supporters of fairness and transparency** in the ImageNet Challenge and are **committed to the integrity of the scientific process.**

**(33) False Data: Amgen**

Amgen requested the retraction as an outcome of an internal review where it was determined that one of the Amgen authors had manipulated specific experimental data presented in Figures 1 and 3. Because of data manipulation, this author is no longer employed by Amgen. The authors at Washington State University and University of Idaho are confident that the physiological data generated for this manuscript are accurate and representative of the true metabolic responses of these grizzly bears and are currently repeating the mechanistic portions of the study. Amgen deeply regrets this circumstance and extends their sincere apologies to the scientific community.

### (34) Lightroom: Adobe

Lightroom 6.2 Release Update and Apology

**Update #2:** Lightroom 6.3/CC 2015.3 is now available which includes the previous import functionality, bug fixes and added camera/lens profile support.

**Update:** We plan to restore the old import experience in our next update. In the meantime, if you need to restore previous import functionality, or are experiencing other issues with Lightroom 2015.2.x/6.2.x, we recommend you roll back to the Lightroom 2015.1.1/6.1.1 update until things are reverted and corrected. See instructions here: <https://helpx.adobe.com/lightroom/kb/roll-back-to-prior-update.html>

I'd like to personally apologize for the quality of the Lightroom 6.2 release we shipped on Monday. The team cares passionately about our product and our customers and we failed on multiple fronts with this release. In our efforts to simplify the import experience we introduced instability that resulted in a significant crashing bug. The scope of that bug was unclear and we made the incorrect decision to ship with the bug while we continued to search for a reproducible case (Reproducible cases are essential for allowing an engineer to solve a problem). The bug has been fixed and today's update addresses the stability of Lightroom 6.

The simplification of the import experience was also handled poorly. Our customers, educators and research team have been clear on this topic: The import experience in Lightroom is daunting. It's a step that every customer must successfully take in order to use the product and overwhelming customers with every option in a single screen was not a tenable path forward. We made decisions on sensible defaults and placed many of the controls behind a settings panel. At the same time we removed some of our very low usage features to further reduce complexity and improve quality. These changes were not communicated properly or

openly before launch. Lightroom was created in 2006 via a 14 month public beta in a dialog with the photography community. In making these changes without a broader dialog I've failed the original core values of the product and the team.

The team will continue to work hard to earn your trust back in subsequent releases and I look forward to reigniting the type of dialog we started in 2006.

Sincerely,

Tom Hogarty and the Lightroom Management Team

*Update October 12, 2015: With 432 comments and counting I just wanted to let folks know that I'm reading all of the feedback and the team will provide an update this week.*

## APPENDIX G: Apology Element Frequency

Element	Frequency	Function
“Apologize”	26	Convey Contrition
“Sorry”	6	
“Regret”	4	
"Forgive Us"	1	
NO EXPLICIT CONTRITION	(5)	
ONE OR MORE Explicit Statements of Contrition	29	
Assurance of Non-Recurrence	25	Convey Contrition
Explanations	23	Limit Responsibility
Responsibility Acknowledgements	22	Convey Contrition
Named Issuer	21	Enhance Image
Bracketing	20	Limit Responsibility
Customer References	15	Enhance Image
Values Statements	15	Convey Contrition and/or Enhance Image
Excuses	14	Limit Responsibility
<i>Positive Contrition Modifiers*</i>	12	Convey Contrition
<i>Contrition in Passive Voice*</i>	12	Enhance Image
Compensation Offers	11	Convey Contrition
Denials	9	Limit Responsibility
Justifications	8	Absolve Responsibility
Government/Nation References	8	Enhance Image or Exigent Safety Threat
<i>Contrasting/Conditional Contrition Signals*</i>	6	Limit Responsibility
Attacks	5	Limit Responsibility
Self-Punishment	4	Convey Contrition
Empathy Expressions	4	Convey Contrition
Puffery	3	Enhance Image

**\*Sub-Element related to Contrition**

## APPENDIX H: Apology Templates

### 1A: Non-Apology Apology (1)

#	Template	Antecedents	Type	Elements	Consequents
1	Non-Apology Apologies (3 Types)	Must respond quickly to avoid “going viral”; no time for executive review (A)	Product, Price, or Place (Integrity)	Assurance, Compensation*, Acknowledgement**, Values**	Issue executive apology later

\*Optional

\*\*Include for PRODUCT, optional for other Types

- Sources (Identifying Information Deleted or Modified): 2002 Union Billboard (Place – Integrity), 2015 Tony Hawk 5 (Product), 2007 Warcraft Servers (Product)
- Optional language is in [BRACKETS] and *Italics*

*[We clearly made mistakes with the launch of our new PRODUCT.]*

*[As a matter of policy we respect the rights of our players to fully access our AREA.]*

Rest assured that COMPANY will continually strive to improve the gameplay experience for our franchise product.

*[Please call our 24 hour hotline number 888-000-XXXX to request a partial game credit].*

## 1B: Non-Apology Apology (2)

#	Template	Antecedents	Type	Elements	Consequents
1	Non-Apology Apologies (3 Types)	Seek to limit adverse legal consequences (B)	Place (Industrial Accident)	Assurance, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): Mayflower 2013, Chevron 2014
- Optional language is in [BRACKETS] and *Italics*

*[As you are aware, CITY Company is currently responding to several downed power lines in the AREA off of STREET.]*

LOCATION residents will continue to see an increase in clean-up crews, safety lights and equipment as we work 24 hours a day to restore your community as quickly and safety as possible.

*[Please find enclosed complimentary \$25 credit redeemable at LOCAL RESTAURANT.]*

*{We value being a responsible member of this community}.*

Sincerely,

NAME,

TITLE

### 1C: Non-Apology Apology (3)

#	Template	Antecedents	Type	Elements	Consequents
1	Non-Apology Apologies (3 Types)	Seek to limit adverse legal consequences AND can plausibly blame 3 <sup>rd</sup> Party (C)	Product	Assurance, Compensation*, Scapegoating Language	Consider legal action versus 3 <sup>rd</sup> Party

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2002 Union Billboard, 2007 Warcraft Servers
- Optional language is in [BRACKETS] and *Italics*

**Rest assured that COMPANY will continually strive to improve the online gameplay experience for our franchise product.**

**We are in active communication with our partner COMPANY, who is responsible for maintaining the servers that crashed.**

***[Please call our 24 hour hotline number 888-000-XXXX to request a partial game credit].***



## 2A: Product Apology (4)

#	Template	Antecedents	Type	Elements	Consequents
2	Product Apologies (3 Types)	No Easy Fix, No 3 <sup>rd</sup> Party to Blame (A)	Product	Explicit Contrition, Assurance, Acknowledgment, Compensation*, Values	

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2014 Lightroom Glitches, 2014 TurboTax
- Optional language is in [BRACKETS] and *Italics*

**I'd like to personally apologize for the quality of our new software product release we shipped last DAY.**

**We made the incorrect decision to ship our product with a BUG while we continued to search for a solution to the problem.**

**No one likes this kind of a problem, so we are taking immediate action to make sure this doesn't happen again.**

**Our FUNCTION team cares passionately about our product and our customers.**

*[We are giving \$25 back to every customer who purchased our product before the bug was fixed.]*

## 2B: Product Apology (5)

#	Template	Antecedents	Type	Elements	Consequents
2	Product Apologies (3 Types)	Easy Fix, No 3 <sup>rd</sup> Party to Blame (B)	Product	Explicit Contrition, Assurance*, Acknowledgment, Compensation*, Values	Make Easy Fix

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2014 Lightroom Glitches, 2014 TurboTax
- Optional language is in [BRACKETS] and *Italics*

**I'd like to personally apologize for the quality of our new software product release we shipped last DAY.**

**We made the incorrect decision to ship our product with a BUG while we continued to search for a solution to the problem.**

*[No one likes this kind of a problem, so we are taking immediate action to make sure this doesn't happen again].*

**Our FUNCTION team cares passionately about our product and our customers.**

*[We are giving \$25 back to every customer who purchased our product before the bug was fixed.]*

## 2C: Product Apology (6)

#	Template	Antecedents	Type	Elements	Consequents
2	Product Apologies (3 Types)	3 <sup>rd</sup> Party to Blame (C)	Product	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2014 Lightroom Glitches, 2014 TurboTax, 2007 Warcraft Servers
- Optional language is in [BRACKETS] and *Italics*

**I'd like to personally apologize for the quality of our new software product release we shipped last DAY.**

**We are in active communication with our partner COMPANY, who is responsible for our online quality control testing.**

*[No one likes this kind of a problem, so we are taking immediate action to make sure this doesn't happen again.]*

*[We are giving \$25 back to every customer who purchased our product before the bug was fixed.]*

### 3A: Promotion /Empathy Apology (7)

#	Template	Antecedents	Type	Elements	Consequents
3	Promotion Apologies (3 Types)	Easy Fix, No 3rd Party to Blame (A)	Promotion	Explicit Contrition, Assurance*, Acknowledgement*, Compensation*, Values*	Make Easy Fix

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2014 Armenians/Flag
- Optional language is in [BRACKETS] and *Italics*

*[Serving as a place for the community to connect is core to our business.]*

**We missed the mark in this case and we apologize.**

*[Although we strive to be locally relevant in all of our stores, in this case we upset our customers.]*

*[We are working to make this right.]*

*[We have removed the offensive PROMOTION from our LOCATION.]*

### 3B: Promotion / Empathy Apology (8)

#	Template	Antecedents	Type	Elements	Consequents
3	Promotion Apologies (3 Types)	No Easy Fix, No 3rd Party to Blame (B)	Promotion	Explicit Contrition, Assurance, Acknowledgement*, Values*	

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2005 Slavery Policies.
- Optional language is in [BRACKETS] and *Italics*

*[After extensive research, we acknowledge that our company played a role in the XX unfortunate incident.]*

*[We provide this report to honor our commitment to ENTITY].*

We sincerely apologize to the American public, and particularly to members of the XX community.

We are working hard to make sure this never happens again.

### 3C: Promotion / Empathy Apology (9)

#	Template	Antecedents	Type	Elements	Consequents
3	Promotion Apologies (3 Types)	3 <sup>rd</sup> Party to Blame (C)	Promotion	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2014 Deaf & Dumb, 2010 Marvel Tea Party, 2014 Armenians/Flag
- Optional language is in [BRACKETS] and *Italics*

**We apologize and own up to this incident.**

*[We'll be looking into this further and will be following up on what happened.]*

*[We have removed the offensive content from our materials.]*

*[We will conduct a review of the outside contractor that created the materials.]*

#### 4A: Price Apology (10)

#	Template	Antecedents	Type	Elements	Consequents
4	Price Apologies (2 Types)	No 3rd Party to Blame (A)	Price	Explicit Contrition, Assurance**, Acknowledgment*, Compensation, Values*	Fix with Compen.

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2007 iPhone Price Drop; 2014 TurboTax
- Optional language is in [BRACKETS] and *Italics*

**We apologize for disappointing some of our customers.**

*[We are taking immediate action to make things right and will help you throughout this transition year.]*

*[We need to do a better job taking care of our early adopters.]*

**We have decided to offer every customer who purchased the first edition of our product a \$100 store credit on future orders.**

*[Our customers are the heartbeat of every COMPANY employee.]*

#### 4B: Price Apology (11)

#	Template	Antecedents	Type	Elements	Consequents
4	Price Apologies (2 Types)	3rd Party to Blame (B)	Price	Explicit Contrition, Assurance**, Compensation, Scapegoating Language	Fix with Compen.

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): 2007 iPhone Price Drop; 2014 TurboTax
- Optional language is in [BRACKETS] and *Italics*

**We apologize for disappointing some of our customers.**

*[We are taking immediate action to make things right and will help you throughout this transition year.]*

**We have decided to offer every customer who purchased the first edition of our product a \$100 store credit on future orders.**

**Although we made the right decision, the technology road will always be bumpy.**



## 5: Place / Tangibles Apology (12)

#	Template	Antecedents	Type	Elements	Consequents
5	Place Apologies	Seek to limit adverse legal consequences	Place	Explicit Contrition, Assurance**, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later

\*Optional

\*\*Optional IF easy fix available

- Sources (Identifying Information Deleted or Modified): Mayflower 2013, Chevron 2014
- Optional language is in [BRACKETS] and *Italics*

*[As you are aware, COMPANY is currently responding to several downed power lines in the AREA off of STREET.]*

**We sincerely regret that this incident has occurred and want to apologize for any disruption and inconvenience that it has caused.**

*[CITY residents will continue to see an increase in clean-up crews, safety lights and equipment as we work 24 hours a day to restore your community as quickly and safety as possible.]*

*[Please find enclosed complimentary \$25 credit redeemable at the LOCAL RESTAURANT].*

*{We value being a responsible member of this community}.*

**Sincerely,**

**NAME,**

**TITLE**

## APPENDIX I: Five Confirming Cases

### 2012 Maps App: Apple (1)

To our customers,

At Apple, we strive to make world-class products that deliver the best experience possible to our customers. With the launch of our new Maps last week, we fell short on this commitment. We are extremely sorry for the frustration this has caused our customers and we are doing everything we can to make Maps better.

We launched Maps initially with the first version of iOS. As time progressed, we wanted to provide our customers with even better Maps including features such as turn-by-turn directions, voice integration, Flyover and vector-based maps. In order to do this, we had to create a new version of Maps from the ground up.

There are already more than 100 million iOS devices using the new Apple Maps, with more and more joining us every day. In just over a week, iOS users with the new Maps have already searched for nearly half a billion locations. The more our customers use our Maps the better it will get and we greatly appreciate all of the feedback we have received from you.

While we're improving Maps, you can try alternatives by downloading map apps from the App Store or use Google or Nokia maps by going to their websites and creating an icon on your home screen to their web app.

Everything we do at Apple is aimed at making our products the best in the world. We know that you expect that from us, and we will keep working non-stop until Maps lives up to the same incredibly high standard.

Tim Cook

Apple's CEO

## 2015 Dupont Homeless Hotel (2)

We apologize for the misunderstanding regarding a hotel reservation under Mr. Senge's name, which was cancelled on December 25, 2014. Respect for People is a core value of the Hotel. That extends to everyone, including the homeless. Like all major hotels, we have a policy of requiring IDs from guests, and our employees followed that policy. We have invited Mr. Senge's guests to the Hotel, as early as this weekend. If the guests do not have IDs, we will work with them to address that.

The Hotel and the DuPont Company have a long history of supporting charities that aid the homeless. Every year, DuPont and its employees are major supporters of the United Way of Delaware. In addition, our employees volunteer thousands of hours to charities like the Ministry of Caring, the Food Bank of Delaware, and Catholic Charities. And every Christmas the DuPont Country Club – like the Hotel, part of DuPont Hospitality – turns over its ovens to cooking turkeys for underprivileged families.

### 2016 McDonalds Cheese Sticks (3)

We are aware of a low volume of guest concerns about our Mozzarella Cheese Sticks. In these instances, we believe the cheese melted out during the baking process in our kitchens and shouldn't have been served. We apologize to any customers who may have been affected. We are working to fix this in our restaurants.

## 2016 Marriott Perfect World (4)

### Marriott Hotel Report

----About players lost their personal goods

To Valve, Perfect World, and all players who attended Dota 2 Shanghai Major:

First of all, we do apology for any inconvenience caused.

Please kindly see the case details below,

At 15:00, we received message from Perfect World, they claim their gaming gears including but not limited to keyboards, mouse, headsets, and also a Maserati Car key are no longer been seen, they call police themselves.

After we were informed, RM Jacky Yao, DOS Kevin Zhang and LP Manager Angela Sun of Marriott went to scene to know about this complaint. Then police also came to our hotel, and LP supervisor Bluce Lu accompanied policemen to 5F to know details about this case. Because at that time there are also many goods in 5F, and the goods transport is in process, so policemen put forward some points as follow:

1. The Mouse and earphone are small and they can't be cleared the area what they put, it is very difficult to inspect the details. To the Maserati Car key, if someone stole it, they can't drive the car. Because CCTV has pay attention to it.
2. Police ask LP help them to check the CCTV videos. They showed as follow:
  - 1) At 9:20 HSKP supervisor Sally open the door, at 9:30 Event Austin bring Marriott part time staff entry some rooms to take away banquet tables, and then kept some doors opened.
  - 2) At 10:00 two guests went into the room, at 10:24 DOS Kevin went to SF. At 10:32 Marriott Event part-time staff take the goods away from 5F, at 10:57 a guest in red went into room.
  - 3) At 11:02 one guest went downstairs, at 11:06 HSKP staff help the guest in red carrying the computer chairs. At 11:14 Event and related department's staff at 5F. At 11:16 there were many dota team's staff appears.

According to the CCTV, policemen think there are no evidence showing someone stole mouse, earphone or keys. They also think it is better to Perfect World, to make a list to show what and how much goods they have been stolen as they claim themselves, and send to Wuliqiao Police Station to call police, and they will make inspection further.

At 18:00, RM Jackey Yao and hotel team discussed with Perfect World, to focus on this case. We review the case and hotel apologize to them. Because it is full-house today, we need to vacate rooms as soon as possible, however Marriott Hotel didn't check with the organizer, we do sincerely apology for that. During all this process (entry room) there are at least two departments' staff in scene and make witness.

The hotel will work with police together to pay high attention on this case, and meanwhile we apologize again for the issue.

SIGNATURE 3/7/2016

## 2014 BiMarin Cancer Comments (5)

In considering expanded access programs, we must ensure that our position treats all patients fairly. Thus, our primary consideration is about what is best for all patients in similar circumstances.

In the case of BMN-673, it would be inappropriate to provide BMN-673 to end-stage refractory ovarian cancer patients outside a clinical trial given that we have data on fewer than 30 patients in a single-arm trial with no comparator.

It's our policy to provide access to unapproved medicine only after substantial evidence on safety and efficacy has been collected, and registration applications with health authorities are underway.

Use of experimental medications outside of clinical trials unnecessarily delays the ultimate availability of conclusive evidence on the safe, effective and appropriate use; hampers the health authorities' consideration for approval; and can obstruct access outside of clinical trials.

This position is well supported by most constituencies who work in drug development, including patient advocacy groups.

[BioMarin] apologizes for any anguish to Ms. Sloan or others, related to comments made in the press and elsewhere.



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